Ohio Rail Development Commission

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November 10, 2010

Dear Commissioners:

Enclosed please find relevant information to the **Thursday, November 18, 2010** commission meeting. Minutes of the September 9, 2010 commission meeting are enclosed for your review.

This meeting will be held at the **Ohio Department of Transportation's Headquarters, 1980 West Broad Street, Columbus, Ohio, Room GA, Lower Level**. Standing Committees of the Commission will meet before the Commission Meeting. The Long-Term Strategy/Economic Development Committee Meeting will be held in Room 3C, the Human Resources Committee Meeting will be held in Room 3A and the Contract and Property Advisory Committee Meeting will be held in Room 3B at 10:00 a.m. The ORDC Commission meeting will begin promptly at 11:00 a.m.

If you haven't already done so, please contact Suzy Pettet to confirm your attendance. You may reach her at 614/728-9497 (telephone) or by e-mail at suzanne.pettet@dot.state.oh.us

We look forward to seeing you.

Sincerely,

James G. Bradley
Chairman

Enclosures

THE OHIO RAIL DEVELOPMENT COMMISSION

MEETING AGENDA

Thursday, November 18, 2010, 11:00 a.m.

Ohio Department of Transportation Headquarters

1980 West Broad Street, Room GA, Lower Level, Columbus, Ohio

(revised)

CALL TO ORDER: James G. Bradley, Chairman

- Welcome
- Roll Call
- Approval of Minutes from September Meeting

EXECUTIVE DIRECTOR REPORT: Matt Dietrich

FINANCE REPORT: Megan McClory

ITEMS FOR APPROVAL

- Resolution 10-13: Indiana & Ohio Midland Subdivision Phase III
- Resolution 10-14: RJ Corman Western Ohio Lines Bridge Improvements & Track Work
- Resolution 10-15: D&L Energy Rail Spur
- Resolution 10-16: MPR Rail-Truck-Barge Transload

APPROVED PROJECT BRIEFINGS

- City of Greenfield, Midland City to Greenfield Line Rehabilitation
- Novotec Rail Spur
- Lancaster Port Authority Transload on I&ORY

REPORTS OF COMMITTEES

- Panhandle Long Term Lease
- Contract & Property Advisory
- Human Resources
- Long-Term Strategy/Economic Development

OLD BUSINESS

NEW BUSINESS

- 2011 Meeting Schedule

PUBLIC COMMENT

EXECUTIVE SESSION

- Sarah E. Hughes vs. Ohio Rail Development Commission

ADJOURN

MINUTES OF THE OHIO RAIL DEVELOPMENT COMMISSION
REGULAR BI-MONTHLY MEETING
September 9, 2010

CALL TO ORDER

The meeting of the Ohio Rail Development Commission was called to order by Chairman James Bradley at 11:10 a.m. on Thursday, September 9, 2010.

MEMBERS PRESENT

Members present included: Chairman James Bradley, Commissioners Rob Greenlese, Bill Lozier, Kelly Angel for Jolene Molitoris, Larry Sowers, Barbara Hammontree-Bennett, William Murdock, Herk Wolfe, Solomon Jackson, Tom McOwen, Kim Wheeler for Senator Steve Buehrer and Bevan Schneck for Representative Terry Boose. There were ten voting members present, therefore a quorum was obtained.

APPROVAL OF THE MINUTES OF THE JULY MEETING

Chairman Bradley asked for a motion to approve the minutes of the July, 2010 meeting. Commissioner Wolfe moved to approve the minutes and Commissioner Sowers seconded the motion. Roll call was taken. The minutes were approved as presented with ten votes in the affirmative.

Chairman Bradley introduced Attorney Rick Makowski who is attending the meeting for Alan Klodell and Kelly Angel who is attending the meeting until Director Molitoris arrives.

EXECUTIVE DIRECTOR'S REPORT

Director Dietrich presented the Executive Director's Report on page 7 of the meeting packet. Director Dietrich gave an update on the CSX National Gateway TIGER Grant. All agreements must be in place by the end of the month. Tom Burns is the lead on the agreements. The various agreements are as follows: An MOA between the Federal Highway Administration's Eastern Federal Lands Highway Division (EFLHD) and the States in the Coalition delineating roles in the administration of the project; An MOA between EFLHD and CSX on the administration of the project; Preliminary and Conditional Term Sheet signed by the ORDC identifying all of the funding sources for the project; A grant agreement between CSX and the ORDC delineating the administrative fees and ARRA reporting requirements of the project; and the grant agreement between the ORDC and the USDOT for the $98 million award.

Director Dietrich gave an update on the international shipping containers. ODOT filed seeking approval from the Legislative Joint Committee on Agency Rule Review for an overweight permit process changing weight limits. The elements of the permit are as follows: require a sealed, international shipping container for export only; up to 94,000 pounds and must meet trailer configuration requirements; single route permit from Ohio origins to Ohio intermodal facilities; ODOT Director will approve Ohio intermodal facilities; 45 and 90 day permit durations; pricing consistent with existing general permits; and required usage record keeping and reporting. Director Dietrich said if the rules are approved, they will need to be reviewed again in 5 years. Director Dietrich said this would be an Administrative Rule as opposed to a statute. ODOT will conduct a Public Hearing at Central Office on September 13th. If this is approved, the rule would be effective in October.

Director Dietrich said that the City of Jackson and US Rail are involved in a lawsuit for alleged violations of the Operating Agreement. The ORDC has invested approximately $6.7 million

since 1986, in the City of Jackson owned Rail Line. We held a meeting in Jackson on August 27th with the shippers, the city, and US Rail, not to discuss the lawsuit, but for the shippers to discuss their concerns. If the city wins and a new operator is selected, the shippers want to know what role they would have, and if the current operator continues, the shippers want to know what role they would have in that relationship as well. The bottom line is that the shippers just want maintained track and good service. Director Dietrich said the ORDC has offered our services in any way we can to both the city and US Rail. The shippers are pleased with the service they have and are concerned about any interruption in service.

Director Dietrich said that we are continuing to work with ODOT on developing the Statement of Work for the 3C Project for FRA concurrence. Once finalized, staff will provide the Commission with the final version.

Director Dietrich said the PUCO, as the lead agency on safety issues to the FRA, has volunteered to lead Ohio's response to section 202 of the Rail Safety Improvement Act, which requires highway-rail grade crossing action plans to be developed by the 10 states that ranked the highest in number of crashes at highway-rail grade crossings. Director Dietrich said we had our initial meeting with PUCO and ODOT and we intend to include additional state partners as we develop the plan.

Director Dietrich thanked Commissioner Murdock and ODOD for providing a briefing to staff regarding ODOD's Ohio Hubs of Innovation and Opportunity.

Director Dietrich said that ORDC staff has taken Director Molitoris up on her offer to assist on the National Gateway. Megan McClory submitted a request for ODOT assistance to administer the highway bridge projects as they relate to the National Gateway.

Director Dietrich said ORDC filed the Annual HSIP report to the FHWA for fiscal year 2010 on August 31st. If anyone has any questions, please ask Susan Kirkland.

Director Dietrich thanked Alan Klodell for his work to ensure that ORDC's public records policy is up to date. Suzy Pettet is our keeper of public records.

Director Dietrich said that the Ohio Conference on Freight will be held September 14th and 15th in Toledo, Ohio. Ryan Ratledge with I & O and Marty Pohlod with Ohio Central will be speakers at the conference. They will be talking about shortlines. The Ohio Transportation Engineering Conference will be held October 19th and 20th in Columbus, Ohio.

Director Dietrich recognized Leonard Evans who has been appointed the Chief Engineer for the FRA. Leonard has been a great asset to the ORDC and we wish him all the best.

(Note: Director Molitoris arrived at 11:25 and replaced Kelly Angel on the Commission.)

Commissioner Greenlese asked how comfortable Director Dietrich is with the Statement of Work. He responded that ORDC could not do this alone and is relying on ODOT. ORDC's passenger experience is in planning and working with host railroads, not in project implementation.

Commissioner Jackson asked about the City of Jackson lawsuit and what the railroad had done to violate the agreement. Director Dietrich said that he would rather not discuss the lawsuit but that ORDC held the meeting because of the state's continued investment in the line, because staff was getting questions from companies, and because there is a lot of potential economic development along the line. He wanted to provide the shippers with a forum to ask questions. He also suggested that the city and the railroad could improve their agreement to try and avoid future issues. Commissioner Jackson commented that it is difficult to vote on projects with a major lawsuit pending. Director Dietrich agreed, and pointed out that that is why the ORDC has been entering into agreements with the city, as they are the owners of the line. Chairman Bradley said he applauds staff for going there and having the meeting, and stated that shippers need stability.

FINANCE REPORT

Megan McClory, ORDC's Secretary-Treasurer, presented the Finance Report to the Commissioners, which can be found on page 49 of the commission packet. Ms. McClory said that the Financial Reports for month ending August 31, 2010 were provided to everyone today as they were not available at the time the packets were mailed. Ms. McClory gave an overview of all of the non-safety ARRA projects that ORDC is administering. The vast majority of the projects have construction under way. Ms. McClory said the loan to Deltech Polymers has closed and that outstanding loans to Ashland Railway, the Indiana and Ohio Railway and Sandusky County-Seneca County-Tiffin Port Authority have been fully paid. Ms. McClory said our intern, Sarah Cunningham, a senior at Walsh University in North Canton, worked with us for six weeks in the fiscal section. She worked on a number of tasks including a project history report, project file updates, fiscal analysis and correspondence. Matt Malich, a senior engineering student at Ohio State University, is working with ORDC's safety section. Matt is working on reviewing Angels on Track reports, updating the Railroad Information System database, assembling data for a potential corridor initiative, and drafting correspondence.

APPROVED PROJECT BRIEFING – INTERNATIONAL TECHNICAL COATINGS (ITC) RAIL SPUR, COLUMBUS GRANT

Lou Jannazo presented the briefing found on page 68 of the commission packet. ORDC is providing International Technical Coatings (ITC) a grant of $125,000 to help defray the costs of a new NS turnout and/or a short spur track into the building. ITC is a manufacturer of wire mesh shelving and fence products. Ohio was competing with a site in Kentucky that has all utilities, including a rail spur, inside the building. The Columbus site has rail and electric costs that the Kentucky site did not. ORDC funding, and the NS agreement to repair its lead track based on a take or pay agreement, helped make the Columbus site competitive with the Kentucky site. ITC's Vice President Faruk Gole was available to answer any questions. Chairman Bradley asked him what the criteria was that made them choose Ohio. Mr. Gole said the way our highways are strategically placed made sense and that the Ohio team worked the hardest. Commissioner Murdock thanked him for choosing Columbus for their rail investment.

RESOLUTION 10-09 – FRONT STREET DOUBLE STACK CLEARANCE APPLICATION TO MID-OHIO REGIONAL PLANNING COMMISSION

Executive Director Dietrich presented the briefing. Director Dietrich said copies were provided via e-mail last evening and hard copies were distributed today. This is to support and approve an application to MORPC for the Front Street Bridge Undercutting/Double Stack Clearance Project with CSX. ORDC will be the applicant for public funds, similar to what we did on the Heartland

Corridor Extension with OKI. Director Dietrich said this essentially will cut 41 miles out of the route to the East Coast. It will provide better service to the CSX Buckeye Yard Facility. CSX will be able to handle 70,000 additional container lifts. Director Dietrich said MORPC is very excited about this opportunity. Rusty Orben was available for questions. Commissioner Greenlese asked Mr. Orben where exactly the Front Street clearance is. Mr. Orben said it is adjacent to the Convention Center and it is the route west of downtown.

Commissioner Sowers made a motion to approve resolution 10-09. Commissioner Greenlese seconded the motion. Roll call was taken with ten votes in the affirmative.

RESOLUTION 10-10 – EASTERN FEDERAL LANDS HIGHWAY DIVISION GRANT FOR TIGER AWARD ADMINISTRATION

Megan McClory presented the briefing found on page 52 of the commission packet. Ms. McClory said that work is underway on a number of agreements with USDOT related to the award of the National Gateway Project. The award was $98 million for clearance projects in Ohio, Pennsylvania, West Virginia, and Maryland. The funding will be administered by the EFLHD of the FHWA in a manner similar to the Heartland Corridor Project. ORDC is the only entity involved in this transaction that actually has the legal authority to enter into these agreements. The EFLHD cannot accept the private funds. The EFLHD does not have resources available within their budget to conduct their administrative activities and their oversight of the project. This proposal would allow us to accept funds from CSX and then grant them to EFLHD. Our role is essentially administrative. This enables us to keep the full $98 million TIGER Award available for the capital construction costs of the project.

Commissioner Lozier asked what EFLHD's role is. Ms. McClory said they will serve as the State DOT for the multi-states effort. Director Dietrich said they will act as the contract administrator and they will oversee the plans.

Director Molitoris made a motion to approve resolution 10-10. Commissioner Jackson seconded the motion. Roll call was taken with ten votes in the affirmative.

RESOLUTION 10-11 – CITY OF JACKSON RAIL LINE REHABILITATION PROJECT LOAN & GRANT THIRD AMENDMENT TO RESOLUTION 08-08, 08-24, AND 09-14

Lou Jannazo presented the briefing found on page 56 of the commission packet. The ORDC would allow the City to use up to $24,933 in funds remaining in the Richland Tunnel portal repair project for brush cutting, derailment repairs, and purchase of tie plates to facilitate and augment a federal ARRA stimulus project.

(Note: Commissioner Wolfe left the meeting at 12:05 p.m.)

Mayor Randy Heath was available for any questions. The Mayor said the Richland Tunnel came in under budget as well as the rail spur warehouse project of the largest employer in Jackson, Bellisio Foods. Mayor Jackson also said he appreciated Director Dietrich and Lou Jannazo taking the time to go to Jackson. Mayor Jackson said they will keep reinforcing to the shippers that the rail line will continue.

Commissioner Sowers made a motion to approve this resolution. Director Molitoris seconded the motion. Roll call was taken with nine votes in the affirmative.

JOBS AND CARLOADS REPORT

Director Dietrich presented the Jobs and Carloads Report found on page 72 of the commission packet. Director Dietrich said Suzy Pettet compiled the information for this report, but it has been a group effort. This is the process the ORDC has in place to insure our grant and loan commitments are being met. We provide this report annually. Director Dietrich said there is some good news, some bad news and some recommendations. For the most part, everybody is on track in meeting their goals or has met their goals. A couple of projects have not, and staff has recommended we extend the monitoring period given the bad economy. In two cases, the commitments were not met. In both cases, we took proper actions. Crane Plastics repaid the ORDC grant in full. In the other case, we are in litigation to receive that money. Mr. Klodell is working with outside legal council to see if we can come to some successful solution before it actually goes to trial. Director Dietrich said the bottom line is that we take our fiduciary role very seriously with public dollars. At the same time, we are receptive and work with companies to help them continue to grow in Ohio if they need more time.

Commissioner Greenlese made a motion to accept the staff recommendations on the Jobs and Carloads Report. Commissioner Sowers seconded the motion. Roll call was taken with nine votes in the affirmative.

RESOLUTION 10-12 – MODIFICATION OF CITY OF LIMA GREATER OHIO ETHANOL OFF SITE LEAD TRACK AND PASSING SIDING CONSTRUCTION GRANT (AMENDMENT TO RESOLUTION 05-08)

Director Dietrich presented the Preliminary Commitment Letter found on page 76 of the commission packet. We provided a loan of $1 million to GOE for a facility in Lima. We also provided a $200,000 grant to the City. The DOD, the local economic development officials and Mayor Berger have worked very hard to find a user for that facility. The PEA Lima LLC will rehabilitate and reopen the facility. Director Dietrich said from a grant perspective, the commitments are less: Thirty-one jobs instead of forty-one; 1,000 carloads instead of 2,500. Unfortunately, we cannot get the original jobs/carloads commitment. Director Dietrich said it is an opportunity to get the use of the facility and the rail assets in which we invested. This Resolution amends the job creation and carload commitments in Resolution 05-08. Commissioner Greenlese said this is a perfect example of mitigating losses and getting something out of nothing. He feels this is a great way to go.

Commissioner Greenlese made a motion to approve resolution 10-12. Commissioner Bennett seconded the motion. Roll call was taken with nine votes in the affirmative.

REPORTS OF COMMITTEES

Panhandle Long Term Lease and Contract & Property Advisory Committee

Commissioner Lozier said a Panhandle Long Term Lease Committee Meeting was held on July 15, 2010. They discussed long-term vs. short-term; 25 years vs. 5 years; open access; cost of lease, etc. Everyone left the meeting with a more clear direction of where to go on the next version of the lease agreement, and staff will be working on a draft.

Commission McOwen said there was also a brief report on the Panhandle Long Term Lease given at the Contract & Property Advisory Committee. The Piney Fork Line has been owned for

years by the State. It has been a marginal line. It has had no regular business. It has survived by storing cars. In the future there is potential for coal, etc. The current operators are interested in purchasing at least part of the line. Commissioner McOwen asked staff to take a look at what has changed on the line over the past couple of years to see if we want to recommend sale or if we want continuance of the lease. The staff will report back at the next meeting. Commissioner McOwen said that the committee is going to explore developing criteria for the lease/sale of state-owned lines.

Human Resources – Commissioner Jackson

Commissioner Jackson said that the committee discussed defining where they can add the greatest value to our agency. The committee discussed polling staff to ask what the committee should be focusing on to provide assistance for the agency. Once the information is compiled, we will figure out where to go from there. Commissioner Jackson said that a large number of our people will be retiring at the same time. They discussed what kind of plan needs to be developed to address this issue. Commissioner Molitoris offered ODOT's HR assistance to explore what they are doing to prepare for one half of their staff retiring within the next five years.

Economic Development and Strategic Planning Committee – Commissioner Bennett

Commissioner Bennett said that the committee met with Suzann Rhodes of Wilbur Smith and Associates in July to discuss the next phase of the State Rail Plan. Phase 2 will be the vision, goals and objectives and it will also include a cost benefit analysis. At the July meeting, they had an update of the Futures Plan which included a look at the whole transportation system. Wilbur Smith had an economist look at national, international and state trends in the economy in the transportation systems. Commissioner Bennett has a white paper and summary to assign to the commissioners as homework before the October Retreat. The consultant will also have three or four visions to discuss at the retreat. There will be a draft of goals and objectives which will be a major point of discussion at the retreat. Commissioner Bennett said the commissioners will need to review the State Rail Plan, the white paper, the summary, and the draft of goals and objectives before the retreat in October.

OLD BUSINESS

There was no old business to come before the Commission.

NEW BUSINESS

Director Dietrich said the staff is working on the Annual Report. Given the timing of the HSIP report, the Annual Report is not completely finished. Director Dietrich said the Annual Report will be given to the commissioners at the October Retreat.

The October Retreat is October 7, 2010 at Highbanks Metro Park.

PUBLIC COMMENT

Michael Connor spoke concerning the granting of the work on the Front Street Project. He wonders if we investigated the fact of the increase of intermodal trains vs. passenger trains.

He said he is "stunned" about the 94,000 pound truck limit. Did we do any studies on rural rail freight? Where does it stop? The rationale is poor. The trucks will be on country roads following Amish buggies. It doesn't have to move on highways.

Art Arnold of the Ohio Railroad Association appreciates Director Dietrich keeping the commissioners informed of the international shipping container proposal. He shares much of what Michael Connor has said already. The Strickland administration has brought a breath of fresh air on transportation issues in this state. There have been many meetings across the state discussing what we want our complete transportation system to look like. This proposed container rule is a great divergence away from many of the things the public has said they want our transportation system in Ohio to become. The administrative rule process is what led us to the transportation of steel coils that has grown to the number one item moved by special permit. The subsidy for moving steel coils is approaching $45 million per year. That is almost one cent of gas tax revenues that are being subsidized for the movement of these heavy commodities by a special permit. Mr. Arnold feels it deserves more study.

Commissioner Lozier asked about the requirement that containers go to an intermodal facility. Mr. Arnold agreed. He said he has the complete Agri Business Report available if anyone would be interested in reviewing it. He is concerned with potential expansions beyond the current proposal and thinks this gives weight to a national effort to raise truck weight limits. Commissioner Lozier said he would like to discuss this issue more at a different time.

Director Molitoris introduced ODOT's Chief of Staff, Steve Campbell, who has been very involved in this proposed rule. Mr. Campbell feels that their department has the best permit system in the country. They issue over 200,000 of these types of permits a year and each permit requires a route check. He reiterated that the permits are for export items only and that the containers must go to a water or rail intermodal facility. They work very closely with law enforcement and local authorities to enforce the weight laws. This issue was part of ODOT's business plans and helps to modernize fees and requirements. Mr. Campbell said there will be a public hearing on Monday concerning the proposal and encourages anyone that is interested to participate.

ADJOURNMENT

Chairman Bradley called the meeting of the Ohio Rail Development Commission adjourned at 12:47 p.m.

TO: ORDC Commissioners

FROM: Matthew Dietrich

SUBJECT: November 2010 Executive Director's Report

This document reflects the accomplishments and highlights of the Ohio Rail Development Commission since the September Commission Meeting.

1. CSX National Gateway TIGER Grant Update: Work continues on a heightened pace as all agreements must be in place by the end of the month. At the current time, there are several items:
    a. A Memorandum of Agreement between the Federal Highway Administration, Eastern Federal Lands Division and the States in the Coalition delineating the roles in the administration of the project. – Pending approval of US DOT Secretary.
    b. A Memorandum of Agreement between the Federal Highway Administration, Eastern Federal Lands Division and CSX on the administration of the project. – Pending approval of US DOT Secretary.
    c. Preliminary and Conditional Term Sheet identifying all of the funding sources for the project. – Executed by ORDC and FHWA Eastern Federal Lands Division on September 8, 2010.
    d. A grant agreement between CSX and the ORDC delineating the administrative fees and ARRA reporting requirements of the project. – Executed by ORDC and CSX on November 9, 2010.
    e. The Grant agreement between the ORDC and the US Department of Transportation for the $98 million award. - Draft Pending approval of US DOT Secretary.

    ORDC received Controlling Board approval on September 13, 2010 which provided the appropriation authority for ORDC to both receive administrative fees from CSX as well as distribute those fees to FHWA EFLD.

    Tom Burns is the project manager for ORDC. The week of November 15th, Tom will be in the field with CSX and FHWA EFLD at all 43 project sites in Maryland, West Virginia, Pennsylvania and Ohio.

2. Ohio Rail Plan: Based on guidance received from the Commission Retreat, staff has been working with Wilbur Smith and Associates and Commissioner Bennett on the Vision, Goals and Objectives. Staff looks forward to working on the next phase which will be the quantitative measures of the objectives.

3. Safety:
    a. The ORDC continues to work with the Public Utilities Commission of Ohio, as the lead state agency on safety issues to the Federal Railroad Administration, on Ohio's response to section 202 of the Rail Safety Improvement Act of 2008 (RSIA), which requires highway-rail grade crossing action plans to be developed for the 10 states that ranked the highest in number of crashes at highway-rail grade crossings.
    b. After this meeting, there will be a meeting in the Cafeteria with all of the railroads to discuss the proposed Cross-Buck Assembly Program in which all of the passive warning devices in Ohio would be upgraded to the latest reflectivity standards and the Buckeye Crossbuck will be replaced.

4. It has been a very active time for participation in meetings and presentations. Based on the requests received by the ORDC, there appears to be a greater interest in freight rail and safety opportunities recently. ORDC participated in the following:
    a. Moderated a session at the Ohio Conference on Freight - focused on shortline railroads.
    b. Moderated a session at the Ohio Transportation Engineering Conference on the public benefits of freight rail.
    c. Attended a Transportation Research Board Webinar of Grade Crossing Safety.
    d. Participated in numerous events related to the completion of the Norfolk Southern Heartland Corridor project as well as the construction of the CSX North Baltimore Intermodal Facility.

5. Finally, I wish to recognize and thank Governor Strickland, Ohio Department of Development Director, Lisa Patt-McDaniel and Ohio Department of Transportation Director, Jolene Molitoris for their support of the mission of the Ohio Rail Development Commission.

MEMORANDUM
November 9, 2010

TO: ORDC Commissioners
FROM: Megan McClory
SUBJECT: Finance Report

Accomplishments and Highlights of the Finance Section from September 1, 2010 to November 9, 2010:

1. **Finance Reports.** Staff has prepared statements to reflect current outstanding loans, revenue collection, and project balances. Those statements are included with this report.

2. **Fiscal Years 2012-2013 Budget Request.** Staff submitted the FY 2012-2013 budget request to OBM on November 1. The request totals over $20 million per fiscal year and includes ongoing funding for ORDC's grade crossing safety programs, freight assistance activities, passenger rail planning, and project development and oversight. The Executive Director's Summary letter is attached to this report. Moving forward, Governor-Elect Kasich is required to submit his budget to the legislature by March 15, 2011. Funds used for capital expenditures (i.e. the installation of grade crossing warning devices) must be appropriated by March 31 in order for the appropriations to be effective on July 1, which is the first day of fiscal year 2012.

3. **ARRA Projects.** ORDC continues to work with ODOT and the Ohio Division of the Federal Highway Administration to administer approximately $70 million of Ohio's ARRA funds for rail-related projects. All projects have been authorized by the Federal Highway Administration for funding and are in various stages of preparation/bidding/construction/completion. *(Updates since the September report are italicized.)*

   Project Updates:
   - Camp Chase Bridge over West Broad Street (Columbus): Construction is under way.
   - Cleveland Commercial Railroad tie replacement: Construction is complete.
   - RJ Corman Western Ohio Lines tie replacement and surface reconstruction: Construction is under way.
   - City of Jackson rail line rehabilitation: Construction is under way.
   - Panhandle Rail Line rehabilitation: Construction is under way *and nearing completion.*
   - Heartland Corridor Extension to Cincinnati (NS): *Construction is under way.*
   - Wheeling & Lake Erie Railroad rehabilitation: *Construction is under way.*
   - Airline Yard Intermodal Facility (NS): *All agreements have been executed and site work is underway. Most construction work will commence in early 2011.*
   - West Central Ohio Port Authority (WESTCO) tie replacement, surface reconstruction, and bridge rehabilitation: Tie replacement and surface reconstruction work is complete; bridge work is under construction.
   - City of Medina rail line rehabilitation: Project is expected to go to bid in *December*, with construction beginning early in 2011.
   - City of Youngstown/Brier Hill Industrial Park: *Project has been re-bid.*

- Toledo Shipyard (Toledo/Lucas County Port Authority) Rail Spur: Construction is complete.
- General Cargo Facility 1 (Toledo/Lucas County Port Authority) Rail modernization: Construction is underway.
- CSX National Gateway Vertical Clearances: In support of the National Gateway Initiative, there are four roadway bridges being replaced, one roadway bridge being removed, and two railroad interlockings being constructed. *ODOT has provided project management assistance to ORDC. CSX has a contractor under contract to remove one bridge and a contract underway for two of the bridge replacements. Construction awards are pending for the other two bridge replacements.*

4. **2011 Meeting Calendar.** A draft of the 2011 meeting calendar is included in the meeting packet. Please advise of any scheduling conflicts as soon as possible so that staff can publish the schedule.

)RDC - Loan Payback (Active Loans)
November 1, 2010

	Loans	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	App, Loan, Interest & Admin. Fees	Total Payments
FY03 Portage Cty Solid Wst Mgmt. *	$80,000	$9,622							*$3,279*	*$83,279*
FY04 *Columbiana County Port Authority* *	*$2,098,047*	*$433,408*	*$216,704*						*$110,059*	*$2,208,105*
FY04 Maumee & Western *	$199,088	$29,502	$17,209						*$8,460*	*$207,548*
FY05 Seneca-Sandusky-Tiffin Port Auth**	$290,000	$10,203							*$16,267*	*$306,267*
FY05 Ashland RW (Mansfield Yard Rehab)**	$500,000	$8,911							*$41,285*	*$541,285*
FY05 I&O (Fulton County Processing, Ltd)**	$242,335	$8,780							*$24,266*	*$266,601*
FY07 Marion Industrial Center *	$273,000	$68,569	$68,569	$22,856					*$32,078*	*$305,078*
FY07 WESTCO *	$308,000	$50,026	$50,026	$50,026	$50,026	$25,013			*$35,760*	*$343,760*
FY08 WESTCO (Sugar Creek Bridge) *	$280,417	$41,885	$43,189	$43,189	$43,189	$43,189	$17,995		*$20,147*	*$300,565*
FY07 Village of Leipsic *	$825,000	$131,318	$135,713	$135,713	$135,713	$135,713	$67,857		*$52,702*	*$877,702*
FY09 Lancaster Port Authority *	$145,163	$49,743	$29,017						*$4,911*	*$150,074*
FY09 WESTCO (Springfield/WCH) *	$400,000	$57,143	$60,079	$60,345	$60,345	$60,345	$60,345	$5,029	*$20,513*	*$420,513*
FY09 Maumee & Western (HotStart) *	$90,000	$18,031	$18,397	$18,700	$18,700	$17,142			*$3,871*	*$93,871*
FY10 Deltech Polymer *	$337,457	$56,243	$70,015	$70,519	$70,519	$70,519	$11,753		*$15,986*	*$353,443*
FY06 Harrison Ethanol ***	$500,000									
FY06 Wheeling & Lake Erie ***	$150,000									
FY07 Wheeling & Lake Erie ***	$378,600									
FY08 MGQ, Inc. ***	$300,000									
FY08 City of Jackson ***	$300,000									
FY10 Ashland Railway ***	$280,000									
FY10 New Horizons Baking Company ***	$50,000									
	$8,027,107	**$973,384**	**$708,919**	**$401,350**	**$378,493**	**$351,922**	**$157,951**	**$5,029**	*$389,582*	*$6,458,090*

Loan Amount Received to Date: **$234,959**
Loan Balance Due: **$738,425**

*Loans Active
**Loans Paid Off
***Loans in Process

Revenue Received FY 2011
October 2010

Name	CT #	Invoice #	Reimbursements 7002/GRF	Reimbursements 4N40	Gas & Oil Leases, Royalties and Other - 4N40	ORDC Loan Payment - 4N4 Fees	ORDC Loan Payment - 4N4 Princ.	ORDC Loan Payment - 4N4 Inter.	Running Total
Lancaster Port Authority	Electronic Transfer						4,000.63	144.64	190,506.32
MIC	Electronic Transfer						5,096.83	617.29	196,220.44
Maumee & Western RR	Electronic Transfer						2,393.83	64.64	198,678.91
Village of Leipsic	Electronic Transfer						10,576.92	0.00	209,255.83
WESTCO #1	Electronic Transfer						3,348.06	820.77	213,424.66
WESTCO #2	Electronic Transfer						3,338.30	0.00	216,762.96
WESTCO #3	Electronic Transfer						4,761.90	0.00	221,524.86
Maumee & Western (HotStart)	Electronic Transfer						1,500.00	0.00	223,024.86
Deltech Polymers (Sept & Oct)	22	RA002210					11,248.56	0.00	234,273.42
Genesee & Wyoming	23	RA001910			2,500.00				236,773.42
North American Railroad Museums	24	-		6.25					236,779.67
Rail Staff (phone call reimbursement)	25		4.30						236,779.67
Carroll Electric Cooperative	26	RA001510			250.00				237,029.67
Resource Energy	27				78.55				237,108.22
Aqua Ohio	27	RA001420			298.52				237,406.74
Genesee & Wyoming	27	Apex - September			8,980.00				246,386.74
NGO Development Corp	28				51.60				246,438.34
Portage County (Solid Waste)	29	RA002310					1,369.43	5.14	247,812.91
American Rail Center (Hardin Cty)	30					500.00			248,312.91
Cambrian Hunter, Inc.	31				30.19				248,343.10
Village of Minerva	32	RA002610			250.00				248,593.10
EnerVest Operating (CGAS)	32	RA002510			298.83				248,891.93
Genesee & Wyoming	32	RA002710			2,500.00				251,391.93
		Monthly Total	4.30	6.25	15,237.69	500.00	47,634.46	1,652.48	65,024.63
		Grand Total	80,004.30	20.15	58,200.98	500.00	185,646.50	7,024.30	251,391.93

OHIO RAIL DEVELOPMENT COMMISSION
APPROPRIATION LEDGER
For Month Ending October 31, 2010

FUND	SAC	FEDERAL STATE/OTHER	ORIGINAL APPROPRIATION	TRANSFERS	UNASSIGNED	ADJUSTED APPROPRIATION	OPEN ENCUMBRANCES	TOTAL DISBURSED	UNENCUMBERED BALANCE	PERCENT UNOBLIGATED	SAC DEFINITION
GRF	4FA5	STATE	1,535,897.00	0.00	139,627.00	1,396,270.00	0.00	0.00	1,396,270.00	100.00%	GRANT (ALL)
GRF	465M	STATE	46,200.00	0.00	4,200.00	42,000.00	12,338.23	28,564.60	1,097.17	2.61%	PERSONAL SERVICE/OTHER
GRF	4651	STATE	627,203.00	0.00	12,126.94	615,076.06	0.00	204,855.21	410,220.85	66.69%	PAYROLL
GRF	4652	STATE	78,650.00	0.00	7,150.00	71,500.00	3,211.30	6,871.16	61,417.54	85.90%	OFFICE EXPENSE
	FUND TOTAL		**2,287,950.00**	**0.00**	**163,103.94**	**2,124,846.06**	**15,549.53**	**240,290.97**	**1,869,005.56**	**87.96%**	**FUND TOTAL - GRF**
7002	4FN7	FEDERAL	1,282,800.00	4,362,640.61	0.00	5,645,440.61	296,100.00	2,108.68	5,347,231.93	94.72%	GRADE CROSSING PAVEMENT
7002	4FP7	FEDERAL	13,000,000.00	2,018,649.58	234,097.96	14,784,551.62	3,025,372.15	313,056.11	11,446,123.36	77.42%	GRADE CROSSING DEVICES
7002	4SP1	FEDERAL	717,200.00	10,000.00	2,643.87	724,556.13	0.00	239,988.65	484,567.48	66.88%	GRADE CROSSING SAFETY'S PAYROLL
7002	4SP2	FEDERAL		3,500.00		3,500.00	649.40	0.00	2,850.60	81.45%	GRADE CROSSING SAFETY'S TRAVEL
	FUND TOTAL		**15,000,000.00**	**6,394,790.19**	**236,741.83**	**21,158,048.36**	**3,322,121.55**	**555,153.44**	**17,280,773.37**	**81.67%**	**FUND TOTAL - 7002**
4N40	6FC5	OTHER	0.00	1,125,000.00	0.00	1,125,000.00	0.00	0.00	1,125,000.00	100.00%	RAIL TRAN - GRANTS
4N40	6FC9	OTHER	1,905,600.00	0.00	0.00	1,905,600.00	0.00	0.00	1,905,600.00	100.00%	RAIL TRAN - LOANS
4N40	6FD9	STATE	764,300.00	0.00	0.00	764,300.00	0.00	0.00	764,300.00	100.00%	PANHANDLE LEASE PAYMENT
4N40	6111	STATE	205,900.00	0.00	2,560.12	203,339.88	0.00	67,115.86	136,224.02	66.99%	PAYROLL(PROPERTY MGNT)
	FUND TOTAL		**2,875,800.00**	**1,125,000.00**	**2,560.12**	**3,998,239.88**	**0.00**	**67,115.86**	**3,931,124.02**	**98.32%**	**TOTAL - OTHER ASSISTANCE**
	GRAND TOTAL		**20,163,750.00**	**7,519,790.19**	**402,405.89**	**27,281,134.30**	**3,337,671.08**	**862,560.27**	**23,080,902.95**	**84.60%**	

OHIO RAIL DEVELOPMENT COMMISSION: November 2010 Finance Report (FY 2011)

GRF APPROPRIATION AVAILABLE FOR PROJECTS

GRF APPROPRIATION FOR PROJECTS		1,390,000
LESS: BUDGET REDUCTION (net)		
LESS: PROJECTS ENCUMBERED or DISBURSED		
LESS: PROJECTS APPROVED BUT NOT ENCUMBERED		
Maumee & Western	227,500	
International Technical Coatings (ITC)	125,000	
LESS: PROPOSED GRF COMMITMENTS FOR FY 2011		
I&O Midland Sub Phase III	200,000	
RJ Corman Western Ohio Lines Bridge and Track Wk	200,000	
City of Greenfield Midland City to Greenfield Line	130,000	
Novotec Rail Spur	50,000	
Lancaster Port Authority Transload on I&ORY	125,000	
TOTAL	*1,057,500*	*-1,057,500*
BALANCE OF GRF APPROPRIATION FOR PROJECTS		***332,500***

RAIL DEVELOPMENT FUND 4N40 - REVOLVING LOAN FUND	**Uses of funds**	**Spending Authority**	**Cash**
Cash Balance as of 11/9/10			5,854,829
LESS: OPEN ENCUMBRANCES	2,308,000		
LESS: PANHANDLE RESERVE FUND	764,300		
TOTAL	*3,072,300*		*-3,072,300*
FISCAL YEAR 2011 APPROPRIATION		2,111,500	
LESS: PAYROLL FROM LOAN AND LICENSE FEES (Budgete	205,900		
LESS: PROJECTS ENCUMBERED or DISBURSED			
LESS: PROJECTS APPROVED BUT NOT ENCUMBERED			
Hardin Rail Logistics Center	**500,000**		
LESS: PROPOSED COMMITMENTS FOR FY 2011			
D&L Energy Rail Spur	**163,000**		
Novotec Rail Spur	**100,000**		
TOTAL	*968,900*	*-968,900*	*-2,111,500*
APPROPRIATION BALANCE OF FUND 4N40 AVAILABLE FOR PROJECTS		***1,142,600***	
ADDITIONAL CASH BALANCE OF FUND 4N40 AVAILABLE*			***671,029***

**Funding projects beyond the appropriation balance would require Controlling Board approval.*

FY 2011 Project Balance Summary

Remaining GRF Appropriation for Projects	**332,500**
Remaining 4N40 Appropriation for Projects	**1,142,600**
Balance of ORDC Appropriations for Projects	**1,475,100**

Ohio Rail Development Commission

1980 West Broad Street • Columbus, Ohio 43223
614-644-0306 (telephone) • 614-728-4520 (fax) www.dot.state.oh.us/ohiorail

November 1, 2010

Director J. Pari Sabety
Ohio Office of Budget and Management
30 West Broad Street, 34th Floor
Columbus, Ohio 43215

Dear Director Sabety,

I am pleased to submit the Ohio Rail Development Commission's budget request for the 2012-2013 biennium. The total request of $20.2 million in each fiscal year is unchanged from FY 2011 appropriations. Of that total, the General Revenue Fund request is $2.3 million each fiscal year, also unchanged from the FY 2011 appropriation.

The Ohio Rail Development Commission (ORDC) is an independent agency within the Department of Transportation. Its creation in 1994 consolidated all non-regulatory rail functions in state government into a single agency. The ORDC's mission is "to plan, promote and implement the improved movement of goods and people faster and safer on a rail transportation network connecting Ohio to the nation and the world." To advance this mission, the ORDC partners with federal and state agencies, railroads, private companies, and local public safety and economic development agencies to support the safety and prosperity of Ohioans.

The Commission's structure supports economic development in Ohio in four keys ways: flexibility, responsiveness, representation, and perspective.

- Flexibility: ORDC's broad statutory authority enables the Commission to partner with private sector, public sector, and non-profit entities and to contract with nearly anyone on any type of project as long as there is a rail nexus and demonstrated public benefit.
- Responsiveness: The Commission's structure allows staff to identify and commit to participation in projects with demonstrated public benefits according to the project needs rather than a set meeting schedule. This enables staff to react to urgent economic development opportunities and respond quickly to Ohio's businesses and citizens.
- Representation: ORDC's structure provides consistency and continuity with bipartisan, appointed, volunteer Commissioners whose backgrounds include shipping, logistics, business, labor, engineering, economic development, railroading, and transportation planning. These varied perspectives provide accountability and transparency of the Commission's activities.
- Perspective: The Commission's independent nature allows it to participate in rail transportation matters it believes are important to Ohio's economy. The Commission recently commented to the Federal Railroad Administration that the National Rail Plan should maintain the priority of the railroad-highway grade crossing safety programs, support the standardization of federal environmental policies across modal agencies, provide more guidance for quantifying public benefits, and promote flexibility in federal project selection so that system decisions can be made based on the needs of the economy.

The Ohio Rail Development Commission's 2012-2013 budget request:

- Improves safety at railroad-highway grade crossings throughout the state by installing lights and gates, improving circuitry of existing warning devices, and seeking closures of redundant crossings.
- Encourages and leverages private investment in Ohio in two ways: by providing short-line rehabilitation grants that preserve rail service to shippers around the state and by funding ORDC's participation in economic development projects that create and retain jobs, such as spur and lead track construction. ORDC's funds provide the public leverage for Public-Private Partnerships that foster new investments in Ohio.
- Continues ORDC's participation in the development of intercity passenger service and future high-speed passenger service that complements the existing freight network.

Current situation

With flexibility, resources, and support from the General Assembly and the Governor, ORDC has been able to capitalize on many rail development opportunities in Ohio. We are completing rail projects in Ohio that are part of a holistic multimodal approach to transportation, while many around the country are still just discussing the benefits of such projects.

> *The Springfield Quiet Zone Project improved safety at railroad-highway grade crossings by eliminating five crossings, upgrading four crossings with 4-quadrant gate installations, and upgrading signal technology and installing wayside horns at 14 other crossings. This public-private partnership between Norfolk Southern, ORDC, and the City of Springfield invested a total of $6,500,000 in public and private funds for public safety and allowed the City to apply to the Federal Railroad Administration for a Quiet Zone designation.*
>
> *The Heartland Corridor connects the Port of Virginia and the $70 million Rickenbacker Intermodal Facility in Columbus for double-stacked container trains. This public-private partnership between Norfolk Southern and federal and state agencies increased vertical clearances in 28 tunnels and 24 overhead obstructions. The project was funded by the federal government, the Commonwealth of Virginia, ORDC, and Norfolk Southern. After three years of construction, the first double-stacked intermodal container train arrived at Rickenbacker on September 10, 2010. The public benefits for Ohioans include economic development around the Rickenbacker Terminal and reductions in highway congestion, fuel consumption, and greenhouse emissions.*

ORDC's budget is often the only source of public financing for rail infrastructure necessary to support development in Ohio. The value of the ORDC extends far beyond our budget, including the ability to enter into public-private partnerships that do not normally exist in traditional state government structures. With our in-house rail expertise helping companies with rail-related issues and our strong partnerships built over the years with the various freight railroads, ORDC has a documented record of responsiveness to the needs of Ohio's businesses and citizens.

Grade Crossing Safety Programs

Approximately 51% of Ohio's approximately 6,100 public, at-grade crossings are equipped with flashing lights and roadway gates. The crashes occurring at public grade crossings in Ohio have shown a steady decline and leveling off since the early 1970s. Ohio experienced a reduction in total crashes for 2009 of 33% below the previous year. There were 55 crashes in 2009, resulting in 18 injuries and 6 fatalities, the

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lowest number in decades. In the last ten years, there were 1,095 crashes, resulting in 344 injuries and 127 fatalities.

The ORDC's Railroad Grade Crossing Safety Programs are primarily supported by federal highway funds. The ORDC also assists ODOT and Metropolitan Planning Organizations (MPOs) with the administration of all grade crossing safety improvement programs and administers federal set-asides for grade crossing projects. The beneficiaries of these programs are members of the general public, particularly motorists, pedestrians, and bicyclists. They benefit by the installation/upgrade of active grade crossing equipment, improvement of roadway geometry, and the elimination of hazardous and redundant railroad-highway grade crossings.

ORDC and ODOT partnered last year to launch the statewide railroad preemption project to evaluate and prioritize improvements to railroad-highway grade crossings and nearby highway traffic signals that are or should be properly interconnected in order to avoid vehicles becoming "trapped" in the railroad crossing. This safety initiative is a result of the Fox River Grove train-school bus crash in Illinois that killed seven students at an intersection where highway traffic signals and railroad signal systems were not appropriately timed to give vehicles in the railroad crossing area enough time to clear the crossing prior to the arrival of a train.

The ORDC has been an active supporter of the Rail Grade Separation Program, a 10-year program to address safety, mobility, and economic development concerns in local communities. ORDC provided $20 million over ten years in support of that program.

Freight Rail Assistance

Ohio plays a critical role for the freight railroad industry, and the industry is critical to Ohio. Freight railroads employ about 7,800 Ohioans with total wages estimated at $523.3 million in 2008 (an average of almost $66,900 per job). The Association of American Railroads (AAR) estimates that each freight rail job supports 4.5 jobs elsewhere in the economy. Ohio is also the home of nearly 27,000 railroad retirement beneficiaries who receive payments of $446.1 million per year. Ohio ranks sixth in the nation in the number of operating railroads (36), third in total miles of rail (5,318), eighth in rail tons originated (61.5 million), and fourth in rail tons terminated by state (86.6 million). (Source: www.aar.org)

The business of freight railroading is one of the most capital intensive in the world. Not only do railroads own the locomotives and cars with which they haul goods from coal to corn to automobiles to military tanks, but they also own and maintain their infrastructure. In fact, the AAR indicates that "railroads invest 40 cents out of every revenue dollar right back into the national rail network, more than twice the rate of other industries."

Many Ohio employers are dependent on the continued availability of rail transportation. ORDC's freight rail rehabilitation projects help to keep branch lines in service as a safe, affordable transportation option for Ohio's businesses. ORDC's GRF funded grant programs are geared toward Ohio's short line and regional railroads. These 33 railroads operate 37% of the 6,549 miles of railroad operated by all Ohio railroads. (Source: Ohio State Rail Plan)

ORDC also assists business attraction, retention, and expansion projects. Staff independently, and in close consultation with colleagues at the Ohio Department of Development, local officials, and private developers, works to identify and support economic development projects with a rail nexus. Given ORDC's flexibility and structure, staff can respond quickly to assist with projects that create and retain jobs for Ohioans and generate traffic on Ohio's railroads.

In FY 2010, the Commission participated in 6 economic development projects that are expected to leverage investments of $21.9 million in Ohio, as well as create an estimated 140 new jobs, retain 220 jobs, and generate 900 rail carloads per year. In addition, the ORDC was able to assist 10 projects in the rehabilitation of 45.8 miles of track, two crossing surfaces, and ten bridges, and leveraging $1.6 million in railroad investment.

Passenger Rail Development

Until President Bush signed the Passenger Rail Investment and Improvement Act in 2008, which outlined a set of state requirements for rail plans and appropriated $30 million for intercity passenger rail projects, there was no systematic federal participation in states' passenger rail development activities. With the 2009 enactment of the American Recovery and Reinvestment Act (ARRA), $8 billion was allocated toward the development and construction of projects to develop intercity passenger rail, high speed passenger rail service, and congestion mitigation projects.

The ORDC and its predecessors have a long history of state-level planning for passenger rail, and as a result, Ohio was well-positioned to compete for a portion of the ARRA funds allocated for passenger rail project. ORDC and ODOT partnered with numerous state and local agencies and the freight railroads along Ohio's Cleveland-Columbus-Dayton-Cincinnati corridor to successfully compete for $400 million in federal funds. With ODOT as the formal recipient of funds, ORDC continues to play a role in the development of the "3C" corridor, focusing on many of the railroad-specific elements such as the negotiations with the host railroads regarding use of the privately-owned infrastructure, the selection of equipment, and the selection of an operator. The project is designed to develop passenger service that complements and enhances Ohio's freight rail system.

In addition, ORDC is supporting ODOT's work on a Programmatic Environmental Impact Statement for future high-speed passenger rail development. The current work will further planning efforts by making route determinations along four Ohio corridors.

Operational Changes

ORDC and OBM have a long-standing agreement in which operating expenses are minimized in order to maximize the funding and assistance available for the safety and grant programs. ORDC remains committed to this agreement, which in FY 2010 resulted in the transfer of over $50,000 from the operating budget to the GRF grant program.

Additionally, ORDC made a significant operational change in FY 2010 in relocating from privately-owned, leased space in the LeVeque Tower to the ODOT Headquarters building. This relocation enabled savings in several areas: eliminated rent costs of approximately $90,000 per year, reduced downtown parking costs, reduced ODOT's information technology costs by $10,000 by eliminating a networked location. The relocation also afforded ORDC with immediate access to ODOT staff, whose assistance has been critical to the development and execution of ORDC-administered ARRA stimulus projects and the submission of the 3C Passenger Rail application.

ORDC continues to use college intern positions to conduct research and planning work. In addition to providing educational and work opportunities to future professionals, the ORDC receives valuable staff assistance in the areas of project tracking and grade crossing safety.

Challenges for the 2012-2013 fiscal biennium

The ongoing economic situation faced by Ohio businesses is a challenge for all public and private entities involved in economic development. Ohio's railroads, especially short line railroads, are challenged to meet the needs of existing and potential customers on an infrastructure that is expensive to maintain while facing a decline in their own business volumes and capital budgets. As a result, ORDC is challenged to allocate its budget resources in a way that best meets the needs of Ohio industries. While there is a substantial need to rehabilitate existing infrastructure that serves Ohio businesses, ORDC also needs to maintain the ability to develop and respond to new economic development opportunities that attract, retain, and expand businesses and job opportunities. ORDC's staff works to manage the agency's portfolio of projects in a way that balances the needs of industry and railroads for both rehabilitation and new project assistance.

ORDC is administering $75 million in ARRA-funded Federal-aid projects that respond to economic development opportunities and improve existing rail lines and grade crossings. In addition, ORDC is the lead agency, and Ohio the lead state, in a $98 million Transportation Investment Generating Economic Recovery (TIGER) Award from the US Department of Transportation for the National Gateway Initiative. With the opportunity to invest funds in these rail-related projects comes the responsibility of administering additional projects, additional funds, and additional requirements. ORDC is taking advantage of partnerships, particularly with the Department of Transportation, to execute these projects effectively.

Setting Priorities

To continue our success into the next biennium, ORDC's focus must be on the following:

Safety must continue to be a priority for all of our work. Our highway-rail grade crossing safety staff will continue to seek partnerships with railroads and communities to improve safety for the public. Beyond our grade crossing program, safety will remain our number one priority for all of our programs.

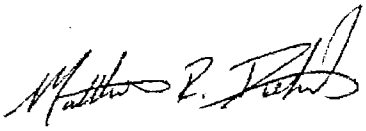
The freight rail program will continue its work to build on Ohio's regional economies and globally competitive industries and to retain, create, and attract jobs for Ohio workers. Often ORDC is the funder of last resort – making resources available where no other funding streams exist to cover the gaps between a project happening or not. There is a direct regional and statewide benefit to a viable network of short-line railroads that connects Ohio shippers to the nationwide rail network.

In addition to ORDC's state budget resources, we are managing $75 million in federal stimulus projects and $98 million for the National Gateway. As stewards of public funds, we must bring these projects to a successful conclusion.

The success of the 3C Passenger Rail Project cannot just be measured by establishing passenger rail service, but rather in demonstrating that passenger rail can be developed to successfully coexist with and enhance freight rail capacity in Ohio.

During the FY 2012-2013 biennium, ORDC will continue its work to plan, promote and implement the movement of goods and people quickly and safely on a network that connects Ohio to the world. Thank you for the opportunity to present this request and share the ongoing work of the ORDC.

Sincerely,



Matthew R. Dietrich, Executive Director

PROJECT BRIEFING
INDIANA & OHIO RAILWAY MIDLAND SUBDIVISION REHABILITATION, PHASE III

November 18, 2010

Project Costs		Project Benefits
ORDC Grant	**$200,000**	**Eliminates Slow Orders**
I&ORY Funding	**$200,000 to $296,450**	**Facilitates Unit Grain Train Interchange**
		Reduces Operating Costs on Marginal Line
		Helps 4 Businesses Employing 115 People

INTRODUCTION: The Indiana & Ohio Railway (I&ORY) sought ORDC funding assistance of up to $248,225 to match $296,450 I&ORY would invest in the rehabilitation of a portion of its Midland Subdivision Line from MP 77 (at Washington Court House) to MP 87 (at Madison Mills). Due to budget constraints, ORDC Staff recommends providing $200,000 in grant funding to be matched dollar for dollar (or more) by the I&ORY. Total projected needs are $496,450. This would be Phase III of the Midland Subdivision rehabilitation project. ORDC provided $230,000 as a 50% match to perform Phase I work on this line which included rehabilitation work between MP 87 and MP 98 as well as three crossing repairs in Grove City, and $200,000 to perform Phase II work on this line which included rehabilitation work between MP 98 and MP 109. Phase I and Phase II work has been completed.

BACKGROUND:

Service Characteristics on the North End of the Midland Line: I&ORY has owned the track and has had a long term lease with CSX for the underlying real estate on the Midland Subdivision Line from Columbus to Cincinnati since 2004. I&ORY has all maintenance responsibilities and serves all on line customers.

I&ORY interchanges traffic from the Midland Sub in Cincinnati with either CSX or NS, or utilizes other I&ORY connections to interchange with Canadian National, CSX, NS, and other railroads at a variety of locations. I&ORY cannot access CSX's Parsons Yard (or Norfolk Southern's (NS) Buckeye Yard) in Columbus because I&ORY lacks trackage rights over about 1,800 feet of NS track in Columbus. CSX did not provide these rights to I&ORY as part of the long term lease arrangement. (CSX does have rights over this 1,800 ft. which it uses for its Columbus operation.) NS has insufficient economic reason to providing such rights to I&ORY. The map included as Exhibit "A" shows the Midland Sub line and some of its connections as well as the Phase I, II and III work areas.

The lack of a Columbus interchange presents problems for I&ORY. The north end of the line is in effect a stub end branchline with the north end shippers generally being over 100 miles away from their Cincinnati interchanges for most traffic. This results in higher costs for I&ORY operations to serve north end shippers. As a result, the north end branchline is marginally viable in terms of on line traffic.

Besides the customers on the line, the section of track from the northern terminus in Columbus at about MP 113 to Haynes Siding at MP 87 is important to I&ORY because Haynes Siding serves as the interchange point for unit grain trains originating on the Midland line, other RailAmerica owned lines, and the West Central Ohio Port Authority (WESTCO) owned lines which I&ORY serves. Although I&ORY has other places to interchange unit grain trains, the Haynes Siding interchange is in many instances better for both the railroad and the grain elevators. In 2008, I&ORY used the Haynes Siding to interchange 114 unit trains with CSX. CSX uses its rights over NS trackage in Columbus to send crews from Parsons Yard to Haynes Siding to pick up full grain trains and to deliver empty cars to fill.

North End Customers: I&ORY serves four rail users on the north section of track. It serves Ashland Plastics (plastics, MP 108.9), Derby Grain (grain and fertilizer, MP 97.9), Wincup (plastics, MP 93.4), and Crop

Production (fertilizer, MP 89.4). These businesses employ 115 people. Over the last three years, these rail users have generated an average of 470 carloads a year.

North End Track Conditions: The rail on the north end of the line is112 lb., 115 lb., and 132 lb. welded rail and is in good condition. The last major tie program for the north end of the line was in 1996. There are slow orders on the track between MP 98 and MP 109 which result in increased operational costs.

PROJECT DESCRIPTION

The total project proposed by I&ORY is as follows:

Phase II, North End Midland Subdivision Rehabilitation Costs

Item	Unit Cost	Total Cost
5,000 ties	**$66.00**	**$330,000**
175 Kegs, Spikes	**$75.00**	**$13,125**
Surface 5 Switches	**$1,500.00**	**$7,500**
Surface 52,800 ft. Trk, 1" Raise	**$1.25**	**$66,000**
3,000 Tons, Ballast	**$10.00**	**$30,000**
3,000 Tons, Ballast Unloading	**$2.00**	**$6,000**
115 Switch ties, purchase	**$80.00**	**$9,200**
115 Switch ties, renew	**$175.00**	**$20,125**
3 Days, Work Train	**$1,500.00**	**$4,500**
Mobilization		**$10,000**
Total		**$496,450**

I&ORY would bid out work from this list of work items that would equal the ORDC share matched dollar for dollar by I&ORY, or more than dollar per dollar at I&ORY's discretion. It is I&ORY's intention to perform the entire $496,450 project. I&ORY would be responsible for continued maintenance.

WHY ORDC FUNDING IS NEEDED

The branchline economics of the north end of the line do not justify the entirety of the needed track and crossing work. I&ORY investment in maintenance per mile on this line far exceeds its profits per mile. Without the unit train interchange, I&ORY would lose money operating the line.

PROJECT BENEFITS

- Four rail users employing 115 people will have better, more cost effective service.
- I&ORY operating costs will be reduced by about $28,000 a year.
- Unit grain train shippers from western Ohio retain an effective interchange with CSX in Columbus for hundreds of unit trains annually.

Phase III
Washington
C. H.
MADISON
PICKAWAY
FAYETTE
London
New Holland
Clarksburg
Williamsport
Mt. Sterling
Darbyville
S. Bloomfield
Harrisburg
Groveport
Grove City
COLUMBUS
CSXT
NS
Circleville

RESOLUTION 10-13
RE: INDIANA & OHIO RAILWAY MIDLAND SUBDIVISION REHABILITATION PHASE III GRANT

A RESOLUTION DETERMINING THE APPROPRIATENESS OF ASSISTANCE PROPOSED TO BE PROVIDED TO THE INDIANA & OHIO RAILWAY UNDER CHAPTER 4981 OF THE OHIO REVISED CODE.

WHEREAS, this Commission as the Ohio Rail Development Commission ("ORDC") created by Chapter 4981 of the Ohio Revised Code, has the responsibility of reviewing and making recommendations to ORDC staff with respect to the assistance under Chapter 4981 of the Ohio Revised Code (the "Act") proposed to be provided; and

WHEREAS, the ORDC has under consideration the provision of assistance under the Act to the Indiana & Ohio Railway (the "Company"); and

WHEREAS, the ORDC staff has submitted to this ORDC a Request for Assistance submitted by the Company; the determination of the Executive Director of the ORDC and the facts upon which such determination is based, that the proposed assistance will conform to the requirements of the Act and the terms of the proposed assistance; and

WHEREAS, the ORDC has reviewed such submissions and discussed them with the Executive Director and staff of the ORDC the proposed assistance; and

WHEREAS, on the basis of such review and discussions, the ORDC has determined that the provision of assistance to the Company, as set forth in the ORDC staff's submissions, is appropriate;

NOW, THEREFORE, BE IT RESOLVED by the ORDC of the State of Ohio:

Section 1. That the ORDC determines that the assistance proposed to be provided under the Act to assist the Company with the Rail Service Project (as defined below) is appropriate.

Section 2. That the ORDC approves the proposed assistance to the Company, the nature, amount and terms of which are summarized in Exhibit "A" attached hereto.

Moved By _____
Seconded By _____

Upon roll call, the vote resulted as follows:

James G. Bradley, Chairman	____	yes	_____	no	_____	absent	____	abstained	____ recused
Barbara Hammontree Bennett	____	yes	_____	no	_____	absent	____	abstained	____ recused
Robert Greenlese	____	yes	_____	no	_____	absent	____	abstained	____ recused
Solomon Jackson	____	yes	_____	no	_____	absent	____	abstained	____ recused
William Lozier	____	yes	_____	no	_____	absent	____	abstained	____ recused
Thomas McOwen	____	yes	_____	no	_____	absent	____	abstained	____ recused
_____ for Jolene M. Molitoris	____	yes	_____	no	_____	absent	____	abstained	____ recused
William Murdock for Lisa Patt-McDaniel	___	yes	_____	no	_____	absent	____	abstained	____ recused
Larry Sowers	____	yes	_____	no	_____	absent	____	abstained	____ recused
Herk Wolfe	____	yes	_____	no	_____	absent	____	abstained	____ recused

ORDC ACTION: Motion approved _____ Other action _____
Motion denied _____ Date 11/18/2010

CERTIFICATE

I, the undersigned Chair of the ORDC, hereby certify that the foregoing is a true and correct record of the resolution of said ORDC.

_____ 11/18/2010
James G. Bradley, Chair Date

EXHIBIT A

A grant in an amount of up to Two Hundred Thousand Dollars ($200,000) (the "ORDC Grant") for the purpose of rehabilitating a portion of its Midland Subdivision Line from MP 77 (near Washington Court House) to MP 87 (at Madison Mills) by replacing ties, surfacing tracks and switches, and placing ballast (the "Rail Service Project") as defined herein pursuant to Section 4981.032 of the Ohio Revised Code at the Company's location in the County of Fayette, Ohio.

The ORDC Grant is subject to the following condition:

The Company must meet all standard ORDC program requirements, including any applicable prevailing wage provisions, in expending ORDC funds.

PROJECT BRIEFING:
RJ CORMAN WESTERN OHIO LINES
BRIDGE IMPROVEMENTS & TRACK WORK

October 20, 2010

Project Costs		Project Benefits
* ORDC Grant	$200,000	* Lines with 25 Shippers Employing Over 3,000 People Improved
* RJC Investment	$353,184	* Maintains Efficiencies of 25 MPH Operations

INTRODUCTION: The RJ Corman Railroad (RJC) requested $276,592 in ORDC grant funds to address: 1) cross tie replacement on its St. Marys line between MP 95 and MP 106 and between MP 111.5 and 112. ORDC staff recommends that ORDC provide a grant of up to $200,000 toward the $553,184 project to make the needed improvements with the RJC providing the matching funding.

BACKGROUND

Overview of RJC Western Ohio Lines: The RJC Western Ohio Lines include: 1) the so-called "St. Mary's" lines, i.e. the contiguous lines from Lima to St. Mary's to Celina (25 miles), and Celina to Fort Recovery (16 miles); 2) the "Minster Branch" St. Marys to Minster (10 miles); 3) the Lima to Glenmore "Spencerville-Elgin" or SPEG line (30 miles), and 4)the Ansonia to Greenville line (12 miles). The attached map included as Exhibit "A" shows the RJC Western Ohio system.

RJC owns the Lima to Celina line. It leases the line from Celina to Fort Recovery from NS, and the branchline from St. Marys to Minster from a local port authority, the Western Ohio Rail Authority (WORA). The WORA lease is a long term lease. RJC acquired the Lima to Fort Recovery line from Norfolk Southern in 1993 and the WORA St. Mary's to Minster Line soon after. RJC operates the two line segments of the St. Mary's line and Minster branch as one unit. This RJC unit connects to NS and CSX in Lima, and to NS in Portland, Indiana. The Portland interchange is via overhead trackage rights on NS from Fort Recovery to Portland.

RJC is the sub-lessee on the SPEG line. The Allen and Van Wert County Port Authorities own their respective portions of the SPEG line and lease operations to Mercer Landmark, the major rail user on the line which has its major grain elevator and fertilizer plant at Elgin. Mercer Landmark in turn sub-leases the line to RJC for operations. The SPEG connects to both NS and CSX in Lima.

RJC owns outright the Greenville line. It connects only with CSX.

Rail Traffic: Overall, the RJC Western Ohio lines generated 3,654 (2007), 5,117 (2008), and 4,166 (2009) carloads respectively for the last three years. On average, this equates to about 45 carloads for every mile of operation. About 70% of the business on the Western Ohio Lines is agricultural in nature. The SPEG is the smallest of these four lines. For example, in 2009, the two SPEG line users generated 617 cars of traffic and Greenville users generated 2,420 carloads with the rest of the Western Ohio traffic, 1,129 cars, coming off the St. Mary's and Minster lines. Anderson's Ethanol on the Greenville line accounts for 2,221 of the carloads on the Greenville line.

RJC reports that its overall expenditures for maintenance per mile exceed its net revenue per mile on the Western Ohio lines in 2009.

Past ORDC Projects On Western Ohio Lines: In 2004, ORDC provided RJC a $259,722 grant to help with track upgrades on the St. Marys line from Lima to Celina. In 2005, ORDC provided RJC a grant of $148,000 to help rehabilitate the Minster Branch. These projects were in response to requests for over $2 million in long term needs.

In 2008, ORDC provided RJC a $163,070 grant to help with track upgrades and bridge repair on the St. Mary's line from Lima to Celina, and the SPEG line from Lima to Spencerville. This project also included crossties on both the St. Mary's and SPEG line.

In 2009, ORDC provided RJC a $1,300,000 American Recovery and Reinvestment Act (ARRA) grant to help with track upgrades on the St. Mary's line from Lima to Celina between MP 106 and 111.5, and on the Greenville Line from MP 6 to MP 10. The ARRA grant also provided for the rehabilitation of the surface of twenty-five (25) at-grade crossings.

PROJECT DESCRIPTION: RJC plans on the following track repairs on the St. Mary's line:

RJC Western Ohio Bridge & Tie Projects

Location	Work Needed	Estimated Costs
MP 95 to 106	**5,000 Cross Ties St. Marys**	**$340,000 ($68/tie)**
MP 95 to 106	**1,500 Tons Ballast**	**$33,000 ($22/ton)**
MP 95 to 106	**6 Miles Surfacing**	**$41,184 ($6,864/mi)**
MP 95 to 106	**300 lf Crossing Renewal**	**$105,000 ($350/lf)**
MP 111.5 to 112	**450 Cross Ties St. Marys**	**$34,000**
Sub Total		**$553,184**
Grand Total		**$553,184**

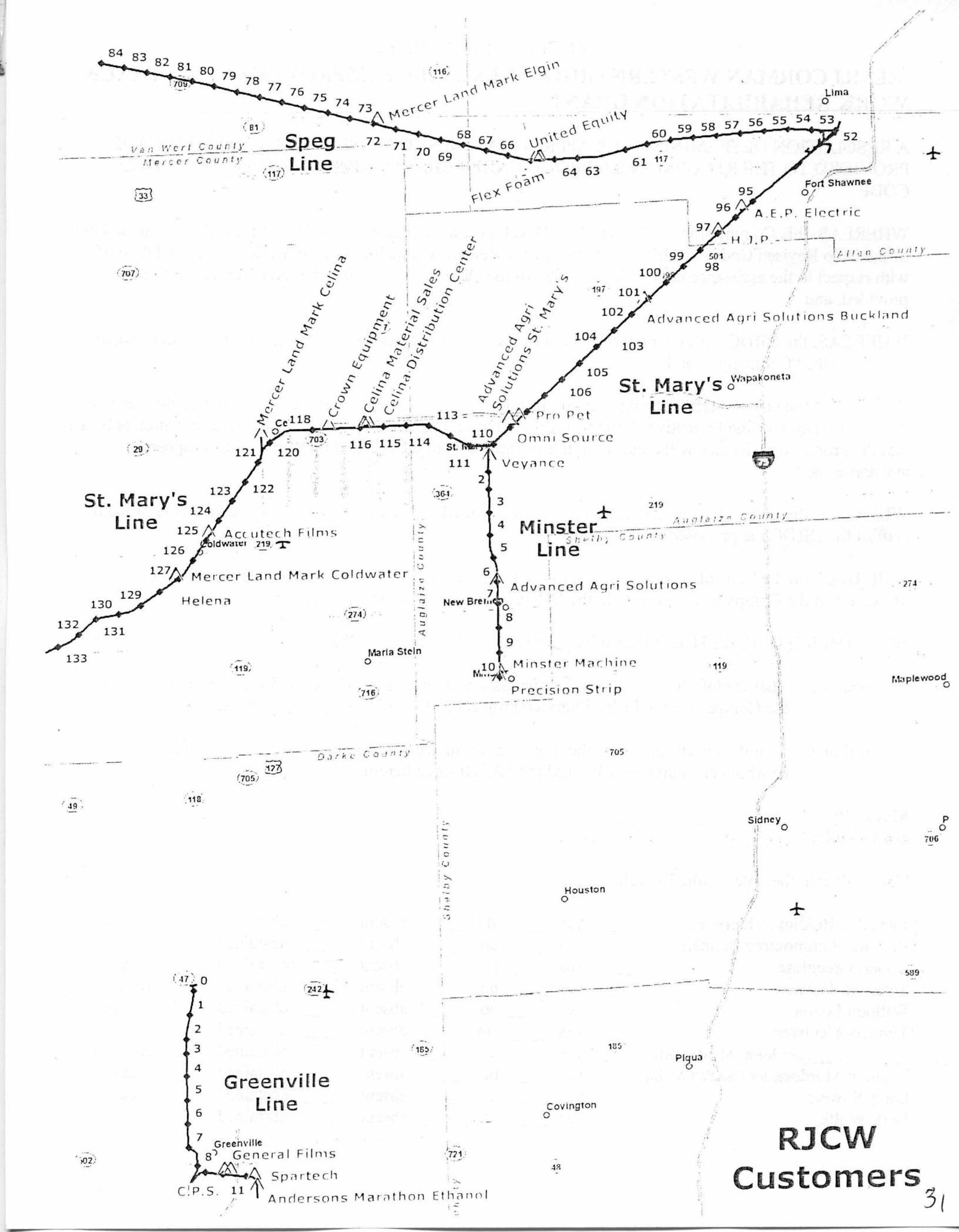
The cross ties on the St. Marys line are needed to eliminate slow orders and keep track speeds at 25 MPH. Keeping track speed up is important to keep operating hours down to promote cost effective service. The ties will be installed between MP 95 and MP 106 (~11,000 ties) and between MP 111.5 and 112 (~450 ties). RJC will complete the work with its own personnel. RJC will be responsible for maintaining the improvements to FRA Class II standards.

WHY ORDC FUNDING IS NEEDED: RJC has postponed most of the project work for several years because the cash flow from the St. Mary's and SPEG lines has not been adequate to fund all the needed track work. ORDC funding will ensure that needed projects get done in a timely manner. This project will also complete the upgrade of the entire St. Mary's line to FRA Class II track.

PROJECT BENEFITS

- The improved bridges and track will enhance rail service to the area's agricultural industry and help keep rail service to 25 customers along the lines employing over 3,000 people.
- The RJC Western Ohio lines serve 14 industrial parks of various sizes.
- Keeping operations at 25 MPH helps prevent a cycle of increasing costs due to extra hours of operation which results in less revenue for use to repair tracks to adequate speeds. Past RJC estimates of the efficiencies of 25 MPH operations compared to 10 MPH operations indicate that RJC costs would rise by over $200,000/yr for the entire Western Ohio system if track speeds dropped to 10 MPH for the 82 miles operated on the SPEG, St. Marys, and Minster lines.
- The project augments and supports the previous ARRA project in this area.

OTHER CONTRIBUTIONS: RJC will provide approximately $353,184 of the funding.


Speg Line
Mercer Land Mark Elgin
United Equity
Flex Foam
Lima
Fort Shawnee
A.E.P. Electric
H.J.P.
Advanced Agri Solutions Buckland
St. Mary's Line
Wapakoneta
Pro Pet
Omni Source
Veyance
Minster Line
Advanced Agri Solutions
Minster Machine
Precision Strip
Mercer Land Mark Celina
Crown Equipment
Celina Material Sales
Celina Distribution Center
Advanced Agri Solutions St. Mary's
St. Mary's Line
Accutech Films
Coldwater
Mercer Land Mark Coldwater
Helena
Maria Stein
New Bremen
Houston
Sidney
Maplewood
Piqua
Covington
Greenville Line
Greenville
General Films
Spartech
C.P.S. 11
Andersons Marathon Ethanol
Van Wert County
Mercer County
Auglaize County
Shelby County
Darke County
Allen County
RJCW Customers

RESOLUTION 10-14

RE: RJ CORMAN WESTERN OHIO LINES BRIDGE IMPROVEMENTS & TRACK WORK REHABILITATION GRANT

A RESOLUTION DETERMINING THE APPROPRIATENESS OF ASSISTANCE PROPOSED TO BE PROVIDED TO THE RJ CORMAN RAILROAD UNDER CHAPTER 4981 OF THE OHIO REVISED CODE.

WHEREAS, this Commission as the Ohio Rail Development Commission ("ORDC") created by Chapter 4981 of the Ohio Revised Code, has the responsibility of reviewing and making recommendations to ORDC staff with respect to the assistance under Chapter 4981 of the Ohio Revised Code (the "Act") proposed to be provided; and

WHEREAS, the ORDC has under consideration the provision of assistance under the Act to the RJ Corman Railroad (the "Company"); and

WHEREAS, the ORDC staff has submitted to this ORDC a Request for Assistance submitted by the Company; the determination of the Executive Director of the ORDC and the facts upon which such determination is based, that the proposed assistance will conform to the requirements of the Act and the terms of the proposed assistance; and

WHEREAS, the ORDC has reviewed such submissions and discussed them with the Executive Director and staff of the ORDC the proposed assistance; and

WHEREAS, on the basis of such review and discussions, the ORDC has determined that the provision of assistance to the Company, as set forth in the ORDC staff's submissions, is appropriate;

NOW, THEREFORE, BE IT RESOLVED by the ORDC of the State of Ohio:

Section 1. That the ORDC determines that the assistance proposed to be provided under the Act to assist the Company with the Rail Service Project (as defined below) is appropriate.

Section 2. That the ORDC approves the proposed assistance to the Company, the nature, amount and terms of which are summarized in Exhibit "A" attached hereto.

Moved By _____
Seconded By _____

Upon roll call, the vote resulted as follows:

James G. Bradley, Chairman	____	yes	_____	no	_____	absent	_____	abstained	____ recused
Barbara Hammontree Bennett	____	yes	_____	no	_____	absent	_____	abstained	____ recused
Robert Greenlese	____	yes	_____	no	_____	absent	_____	abstained	____ recused
Solomon Jackson	____	yes	_____	no	_____	absent	_____	abstained	____ recused
William Lozier	____	yes	_____	no	_____	absent	_____	abstained	____ recused
Thomas McOwen	____	yes	_____	no	_____	absent	_____	abstained	____ recused
_____ for Jolene M. Molitoris	____	yes	_____	no	_____	absent	_____	abstained	____ recused
William Murdock for Lisa Patt-McDaniel	____	yes	_____	no	_____	absent	_____	abstained	____ recused
Larry Sowers	____	yes	_____	no	_____	absent	_____	abstained	____ recused
Herk Wolfe	____	yes	_____	no	_____	absent	_____	abstained	____ recused

ORDC ACTION: Motion approved _____ Other action _____
Motion denied _____ Date 11/18/2010

CERTIFICATE

I, the undersigned Chair of the ORDC, hereby certify that the foregoing is a true and correct record of the resolution of said ORDC.

_____ 11/18/2010
James G. Bradley, Chair Date

EXHIBIT A

A grant in an amount of up to Two Hundred Thousand Dollars ($200,000) (the "ORDC Grant") for the purpose of cross tie replacement on the Company's St. Mary's line between MP 95 and MP 106 and between MP 111.5 and 112 (the "Rail Service Project") as defined herein pursuant to Section 4981.032 of the Ohio Revised Code at the Company's location in the Counties of Allen and Auglaize, Ohio.

The ORDC Grant is subject to the following condition:

The Company must meet all standard ORDC program requirements, including any applicable prevailing wage provisions, in expending ORDC funds.

PROJECT BRIEFING
D&L ENERGY RAIL SPUR
November 9, 2010

Project Costs
ORDC Loan up to $163,000

Project Benefits
10 to 14 New Jobs at D&L
1 New Job at YBRR
250 to 500 New Carloads/Yr. on YBRR

INTRODUCTION: D&L Energy Group requests a loan of up to $163,000 for the rehabilitation of a 700 ft. side track at the so-called "Ohio Works" site in Youngstown to serve a new brine water disposal facility. Initial loan terms developed by Staff are: 1) a five year loan; 2) zero percent interest in year one, and interest equivalent to 2/3 of the prime rate at the time of closing or at the time of approval, whichever is lesser, for years two through five; and 3) collateral of a Letter of Credit, a corporate guarantee, or other suitable collateral. ORDC Staff asks the ORDC Commissioners to empower the Executive Director to determine the final terms of the loan.

BACKGROUND: D&L Energy Group was formed in 1986. It currently employs about 90 people in its operations in Ohio, West Virginia, and Pennsylvania. Along with associated entities, D&L engages in geological surveying, engineering, the exploration and development of new gas and oil wells, the servicing of existing wells, drilling services, fracturing services, and a variety of related businesses.

D&L has established a new business venture at the Ohio Works Industrial Park in Youngstown, i.e. the disposal of brine water from Marcellus Shale Fields gas well operations. At the cost of approximately $1.7 million, D&L has established a well head, tank farm, and a 10,000 ft. deep well. The bottom of the well is a chasm that is permitted for the depositing of brine water, a "Class II, Non Toxic". It has the capacity to handle millions of gallons of brine water a year for the forseeable future.

The recovery of natural gas from the Marcellus Shale fields of western New York, Pennsylvania, and eastern Ohio uses a "fracture" process by which seams are created in the shale with jet streams of water and various chemicals. The waste water from these operations is saline in nature. It is difficult to remove salt from water and there are huge volumes of the saline water to dispose of from the gas recovery process thus creating a market for brine water disposal.

D&L stores brine water in settlement tanks where waste soils, sand, and other impurities drop to the bottom and are disposed of. The remaining water in the settlement tanks is filtered twice to further remove impurities before being pumped into the disposal well. D&L has already started to take in brine water via truck for disposal and will continue to do so to serve nearby western Pennsylvania markets. However, to reach markets in eastern Pennsylvania, rail provides a transportation cost advantage that would expand D&L's market reach. The Youngstown Belt Railroad (YBRR), a part of the Ohio Central System of railroads (now owned by the Genesee & Wyoming), is developing rates and routes with Norfolk Southern, CSX, and short lines in Pennsylvania to move brine water to Youngstown. The rail moves will generally involve shuttling trucks of brine water from Pennsylvania gas operations to local short lines which will move tank cars to NS or CSX which will deliver cars to the YBRR in Youngstown. D&L will unload the tankers directly into its tank farm.

RAIL PROJECT: A branch of the YBRR runs through the Ohio Works in the City of Youngstown. (The Ohio Works is largely owned by the City of Youngstown on land that was formerly a U.S. Steel facility.) An existing side track off this YBRR branchline, and the location of the D&L Waste Water Facility, are shown on the aerial photo attached as Exhibit "A" herein. The rebuilding of about 700 ft. of the side track will enable D&L to take in 10 tankers (65 ft. each) of brine water at a time. The track work needed is outlined below:

Track Work to Upgrade YBRR Side Track

Furnish/Install No. 8 Turnout (115#RE)	**$45,000**
Rebuild 700 Ft. of Track	**$97,000**

- **Clear Brush (24 ft. Wide)**
- **1,400 LF Relay Rail (110 lb. or Greater)**
- **Compromise Bars if Needed**
- **350 Crossties (24" Centers)**
- **Joint Bars, spikes, anchors, tie plates as needed**
- **195 tons #4 ballast**
- **Raise, Line, Surface, & Tamp**

Mobilization	**$6,000**
Contingency (15%)	**$15,000**
Total	**$163,000**

D&L Energy would lease the side track and be responsible for continued maintenance. D&L expects to receive from 250 to 500 cars of brine water a year.

WHY ORDC FUNDING IS NEEDED: ORDC's loan will help D&L with the cash flow for the new rail spur. With three railroads involved to move brine water and competition from trucks, there are no rate rebates being offered at present.

OTHER CONTRIBUTIONS:

- D&L will repay ORDC the up to $163,000 in loan funding plus interest.

PROJECT BENEFITS

- D&L will create from 10 to 14 jobs.
- YBRR will need one more crew member in the Youngstown area.
- 250 to 500 rail cars of traffic will be generated.

SPECIAL CONTINGENCIES: ORDC Staff requests that Commissioners empower the Executive Director to develop final loan terms.

w:D&LEnergyBrineWater

Division St Extn
D&L Spur (600ft - 10 car spots)
D&L Wastewater Facility
Wayne Ave
Elkeen St
Ohio Works Dr
Image USDA Farm Service Agency
© 2010 Google
Imagery Date: Jun 5, 2009
©2010 Google

RESOLUTION 10-15
RE: D&L ENERGY GROUP SIDE TRACK REHABILITATION PROJECT LOAN

A RESOLUTION DETERMINING THE APPROPRIATENESS OF ASSISTANCE PROPOSED TO BE PROVIDED TO THE D&L ENERGY GROUP UNDER CHAPTER 4981 OF THE OHIO REVISED CODE.

WHEREAS, this Commission as the Ohio Rail Development Commission ("ORDC") created by Chapter 4981 of the Ohio Revised Code, has the responsibility of reviewing and making recommendations to ORDC staff with respect to the assistance under Chapter 4981 of the Ohio Revised Code (the "Act") proposed to be provided; and

WHEREAS, the ORDC has under consideration the provision of assistance under the Act to D&L Energy Group (the "Company"); and

WHEREAS, the ORDC staff has submitted to this ORDC a Request for Assistance submitted by the Company; the determination of the Executive Director of the ORDC and the facts upon which such determination is based, that the proposed assistance will conform to the requirements of the Act and the terms of the proposed assistance; and

WHEREAS, the ORDC has reviewed such submissions and discussed them with the Executive Director and staff of the ORDC the proposed assistance; and

WHEREAS, on the basis of such review and discussions, the ORDC has determined that the provision of assistance to the Company, as set forth in the ORDC staff's submissions, is appropriate.

NOW, THEREFORE, BE IT RESOLVED by the ORDC of the State of Ohio:

Section 1. That the ORDC determines that the assistance proposed to be provided under the Act to assist the Company with the Rail Service Project (as defined below) is appropriate.

Section 2. That the ORDC approves the proposed assistance to the Company, the nature, amount and terms of which are summarized in Exhibit "A" attached hereto.

Moved By _____
Seconded By _____

Upon roll call, the vote resulted as follows:

James G. Bradley, Chairman	___	yes	___	no	___	absent	___	abstained	___	recused
Barbara Hammontree Bennett	___	yes	___	no	___	absent	___	abstained	___	recused
Robert Greenlese	___	yes	___	no	___	absent	___	abstained	___	recused
Solomon Jackson	___	yes	___	no	___	absent	___	abstained	___	recused
William Lozier	___	yes	___	no	___	absent	___	abstained	___	recused
Thomas McOwen	___	yes	___	no	___	absent	___	abstained	___	recused
_____ for Jolene M. Molitoris	___	yes	___	no	___	absent	___	abstained	___	recused
William Murdock for Lisa Patt-McDaniel	___	yes	___	no	___	absent	___	abstained	___	recused
Larry Sowers	___	yes	___	no	___	absent	___	abstained	___	recused
Herk Wolfe	___	yes	___	no	___	absent	___	abstained	___	recused

ORDC ACTION: Motion approved _____ Other action _____
Motion denied _____ Date 11/18/2010

CERTIFICATE

I, the undersigned Chair of the ORDC, hereby certify that the foregoing is a true and correct record of the resolution of said ORDC.

_____ 11/18/2010
James G. Bradley, Chair Date

EXHIBIT A

A loan to the Company pursuant to Section 4981.032 of the Ohio Revised Code in an amount up to One Hundred Sixty Three Thousand Dollars ($163,000) (the "ORDC Loan") to rehabilitate an approximately 700 ft. side track off the Youngstown Belt Railroad at the "Ohio Works" site in Youngstown to serve a new brine water disposal facility in the City of Youngstown in Mahoning County ("Rail Service Project"). The terms of the ORDC Loan shall be determined by the Executive Director of ORDC.

The ORDC Loan is subject to the following conditions:

1. The Company must meet all standard ORDC program requirements, including any applicable prevailing wage provisions, in expending the ORDC Grant and ORDC Loan.

2 The Company shall execute and obtain such documents as are deemed necessary by the ORDC to evidence, close and secure the ORDC Loan.

PROJECT BRIEFING:
LOAN TO MPR TO AUGMENT ODOD "LOGISTICS & DISTRIBUTION" RAIL - TRUCK - BARGE TRANSLOAD PROJECT

November 12, 2010

Project Costs	
Logistics & Distribution	**$2,000,000**
ODOD Rapid Outreach Grant	**$80,000**
ODOD "166" Loan	**$750,000**
Private & Local Loans	**$1,195,000**
ORDC Loan	**$250,000**
Total	**$4,275,000**

Project Benefits

Helps Expand Transload on Ohio River
73 New Jobs Created
Provides Lower Cost Freight Options
Generates Hundreds of Cars/Yr.

INTRODUCTION: MPR Supply Chain Solutions requests a loan of $250,000 to complete a $4.2 million project to expand an established truck-barge transloading facility in Bellaire, Belmont County on the Ohio River served by the Wheeling & Lake Erie Railway (W&LE). ORDC's loan financing will go toward the installation of a new turnout on an existing W&LE lead track (currently leased to Bellaire Harbor Services), the construction of a short lead track to the MPR site, and the construction of twin spur tracks of approximately 1,300 feet in length each on the MPR site. These rail improvements will get rail tracks on the MPR site making the MPR facility a **rail**-truck-barge transload.

ORDC Staff requests that ORDC Commissioners approve the loan to MPR and empower the Executive Director to determine the final terms of the loan. Staff is expecting the loan to be take out financing for a 5 year period with 0% interest in year 1, and an interest rate of 2/3 of the Prime Rate for years 2 through 5. Collateral is expected to be a first position, or shared first position with the Ohio Department of Development (ODOD) on land and equipment that make up the project.

BACKGROUND: Mountaineer Products Inc., also doing business as MPR Supply Chain Solutions in Bellaire, Ohio established a barge – truck transload in Bellaire in 2009 to service the steel industry. It currently gets in barge loads of steel coils and various rebar materials that it trucks to various end users throughout the region. (MPR could use W&LE rail service now but the rail connection would be inefficient. It would require MPR to go off site to use a W&LE mainline or sidetrack for loading and unloading.) The major competitors to the MPR Bellaire site are river terminals in Pittsburgh, the second largest inland port in the nation handling about 50 million tons a year. Bellaire has significant logistical advantages over Pittsburgh. Barge shipments to and from Bellaire have 5 fewer locks to traverse than like traffic handled in Pittsburgh making river transit time much quicker for Bellaire. In addition, the Ohio River is able to accommodate 15 barge tows at Bellaire but can only accommodate 6 barge tows going into Pittsburgh making Bellaire much more efficient than Pittsburgh in terms of economies of scale. Further the Bellaire area offers trucking rates that are significantly lower than the Pittsburgh area. MPR has been using Bellaire Harbor Services which is located "next door" for its port services.

MPR started the Bellaire truck – barge transload on a small scale and has been successful in attracting significant steel business. In order to expand its current business and to develop new markets for its transportation services, MPR applied for State "Logistics and Distribution Program" (L&D Program) funding for various improvements including acquiring additional property, acquiring additional equipment, and getting a rail spur onto MPR's site. The L&D Program is administered by ODOD with technical assistance from the Ohio Department of Transportation and ORDC. It resulted from a joint effort in 2008 of the Ohio General Assembly and the Governor to develop a $100 million stimulus program for Ohio. The L&D Program is now winding down and has very little funding available for new projects. ORDC and the ODOT Office of Maritime helped ODOD evaluate the MPR proposal for L&D funding with ODOD ultimately deciding on a $2 million

L&D "loan" for the MPR project. The L&D Program provides that once the terms of the project are met, the loan is forgiven. For the $2 million L&D loan to MPR, the terms will be met once all of the construction jobs associated with the project are created, i.e. upon completion of the project, making the loan in effect a grant to MPR. In addition to the $2 million in L&D funding, ODOD agreed to provide an $80,000 Rapid Outreach grant, and a $750,000 "166 Direct Loan". MPR has procured its share of project costs, $1,195,000, through various other debt instruments.

An overview of all $4,275,000 in project costs is presented below:

MPR Rail – Truck – Barge Transload Project Costs

Land Acquisition	**$2,440,000**
Machinery & Equipment (cranes, belts, etc.)	**$658,000**
Site Preparation	**$75,000**
Rail Track Design & Installation	**$626,000**
Other (Tunnel, Beltline, Electical, etc.)	**$502,000**
Total	**$4,301,000**

The land acquisition includes 4.5 acres of land adjacent to 3.7 acres that MPR has already purchases that includes a building for inside storage of equipment.

RAIL PROJECT DESCRIPTION: The map included herein as Exhibit "A" shows the general location of the MPR site. Exhibit "B" provides a breakdown of rail costs. The W&LE would reach the MRP rail spur via the W&LE rail spur leased by Bellaire Harbor Services (which will soon be rehabilitated with an $80,000 ORDC grant). MPR will build a new turnout off the Bellaire Harbor track, a short lead track onto the MPR site and parallel rail spurs of about 1,300 feet each. MPR will own and maintain the new rail spur on its property.

The costs of the rail project break down as follows:

Rail Project Costs

Rail Design	**$10,000**
Site Preparation	**$75,000**
Install Switches	**$125,000**
Track Installation	**$416,000**
Total	**$626,000**

W&LE and MPR officials see an expanding steel market due to the ability to handle barge to rail moves. W&LE and MPR representatives also see possible Ohio markets for rail – barge moves for such materials as scrap steel, iron ore, or other bulk commodities. In addition, there is a possibility of using W&LE as a land bridge for traffic between the Ohio River and Lake Erie. Further, Bellaire is proximate to the Marcellus shale fields so MPR could handle piping and "frac" sand used there with barges of material moved into Bellaire for final delivery to the Marcellus area via W&LE and connecting railroads or trucks. Neither MPR nor W&LE can project how many rail cars will be generated by the new transload, but both expect the rail use to be extensive in the hundreds of carloads.

WHY ORDC FUNDING IS NEEDED: ORDC loan funds will be the last dollars into the project. Without ORDC loan funding, the rail portion of the project cannot be completed, putting other sources of funds in jeopardy.

OTHER CONTRIBUTIONS: ODOD is providing $2 million in L&D funds, an $80,000 Rapid Outreach grant, and a $750,000 166 loan. MPR is taking on $1,195,000 in debt in addition to the ORDC loan.

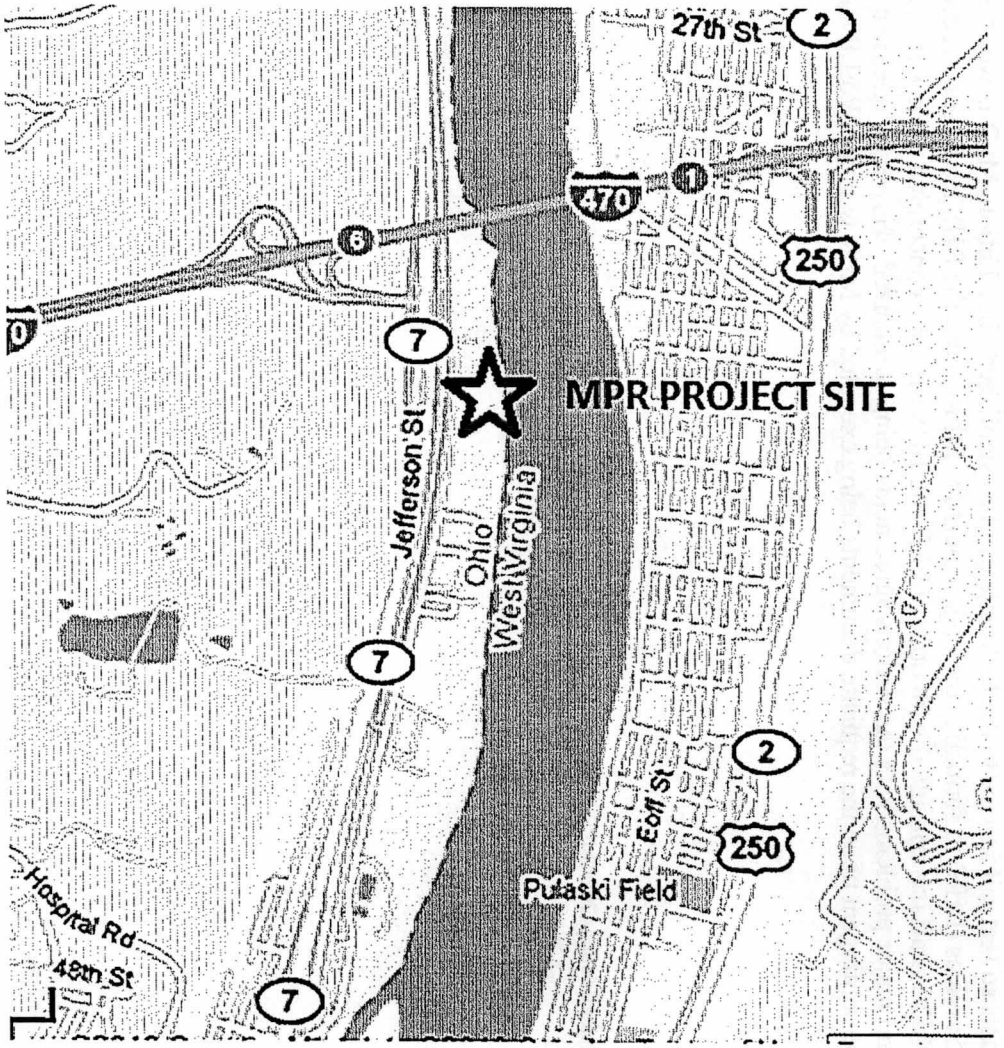
PROJECT BENEFITS:

- Rail service from an Ohio based railroad (W&LE) added to an existing barge facility will open up new, lower cost transportation options for Ohio rail users and the entire region.
- MPR is creating 73 new jobs.
- Hundreds of new rail cars of business will be generated on the W&LE.

SPECIAL CONTINGENCIES: Currently MPR is working with the W&LE on standard, requisite sidetrack agreements so that rail service to the MPR site can be established. In addition, MPR is working with Bellaire Harbor Services (BHS) to formalize their agreement for MPR to use the BHS lead track to access the MPR rail spur. ORDC Staff has consulted with both W&LE and BHS officials concerning the needed agreements and foresee no major problems with the various agreements being formalized. However, release of ORDC funding would be contingent upon the requisite documents being executed by MPR with the W&LE and BHS.

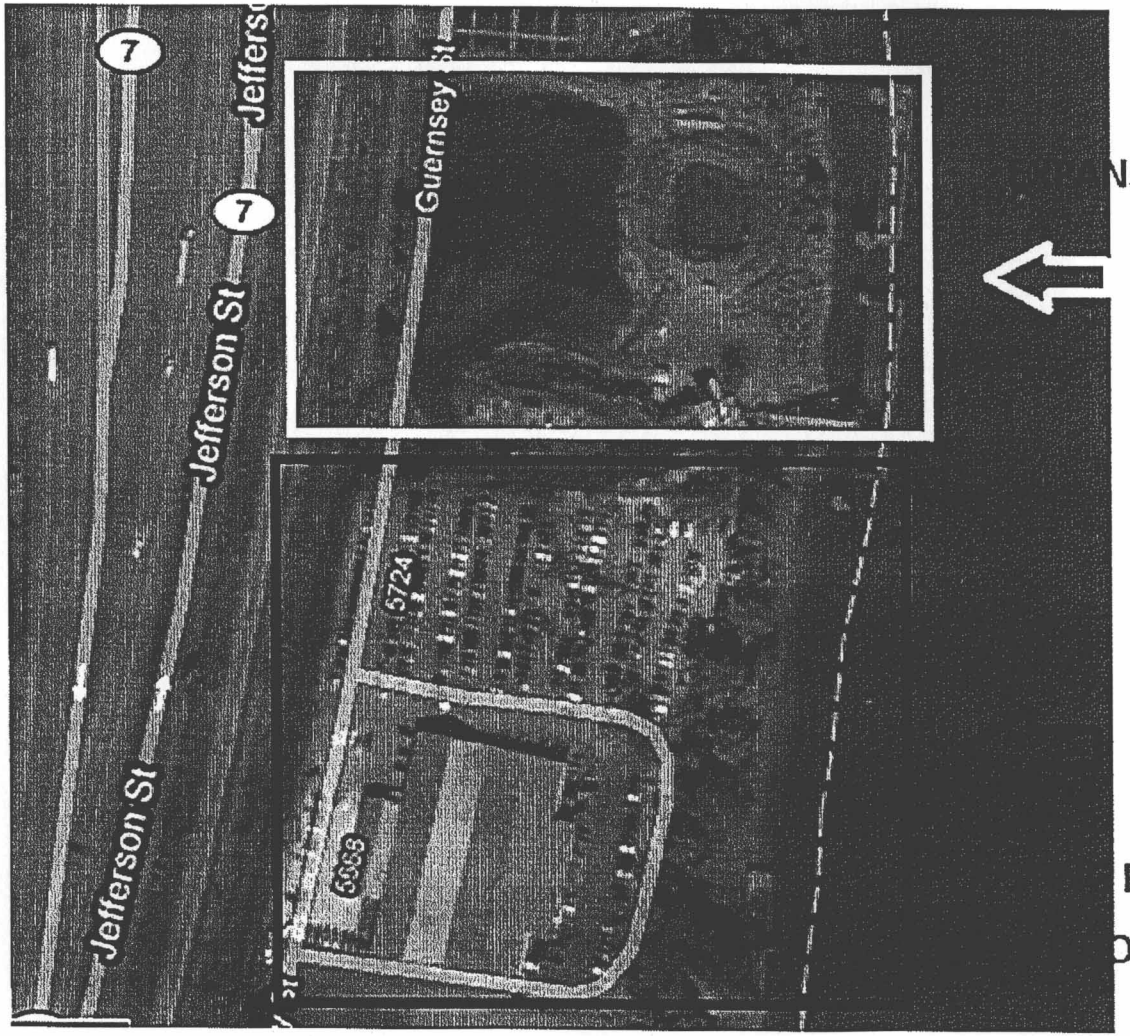
W:CommissionBriefings,2011,MPR,Bellaire,Rail,River

MPR SITE LOCATION MAP



"A"
1 of 2

MPR TRANSLOAD LOCATION



NSION AREA

FACILITY

ON

"A"
2 of 2

RESOLUTION 10-16
RE: MPR CHAIN SOLUTIONS RAIL-TRUCK-BARGE TRANSLOAD PROJECT LOAN

A RESOLUTION DETERMINING THE APPROPRIATENESS OF ASSISTANCE PROPOSED TO BE PROVIDED TO THE MPR CHAIN SOLUTIONS UNDER CHAPTER 4981 OF THE OHIO REVISED CODE.

WHEREAS, this Commission as the Ohio Rail Development Commission ("ORDC") created by Chapter 4981 of the Ohio Revised Code, has the responsibility of reviewing and making recommendations to ORDC staff with respect to the assistance under Chapter 4981 of the Ohio Revised Code (the "Act") proposed to be provided; and

WHEREAS, the ORDC has under consideration the provision of assistance under the Act to MPR Supply Chain Solutions (the "Company"); and

WHEREAS, the ORDC staff has submitted to this ORDC a Request for Assistance submitted by the Company; the determination of the Executive Director of the ORDC and the facts upon which such determination is based, that the proposed assistance will conform to the requirements of the Act and the terms of the proposed assistance; and

WHEREAS, the ORDC has reviewed such submissions and discussed them with the Executive Director and staff of the ORDC the proposed assistance; and

WHEREAS, on the basis of such review and discussions, the ORDC has determined that the provision of assistance to the Company, as set forth in the ORDC staff's submissions, is appropriate;

NOW, THEREFORE, BE IT RESOLVED by the ORDC of the State of Ohio:

Section 1. That the ORDC determines that the assistance proposed to be provided under the Act to assist the Company with the Rail Service Project (as defined below) is appropriate.

Section 2. That the ORDC approves the proposed assistance to the Company, the nature, amount and terms of which are summarized in Exhibit "A" attached hereto.

Moved By _____
Seconded By _____

Upon roll call, the vote resulted as follows:

James G. Bradley, Chairman	____	yes	_____	no	_____	absent	_____	abstained	____ recused
Barbara Hammontree Bennett	_____	yes	_____	no	_____	absent	_____	abstained	____ recused
Robert Greenlese	_____	yes	_____	no	_____	absent	_____	abstained	____ recused
Solomon Jackson	_____	yes	_____	no	_____	absent	_____	abstained	____ recused
William Lozier	_____	yes	_____	no	_____	absent	_____	abstained	____ recused
Thomas McOwen	_____	yes	_____	no	_____	absent	_____	abstained	____ recused
Jolene M. Molitoris	_____	yes	_____	no	_____	absent	_____	abstained	____ recused
William Murdock for Lisa Patt-McDaniel	___	yes	_____	no	_____	absent	_____	abstained	____ recused
Larry Sowers	____	yes	_____	no	_____	absent	_____	abstained	____ recused
Herk Wolfe	____	yes	_____	no	_____	absent	_____	abstained	____ recused

ORDC ACTION: Motion approved _____ Other action _____
Motion denied _____ Date 11/18/2010

CERTIFICATE

I, the undersigned Chair of the ORDC, hereby certify that the foregoing is a true and correct record of the resolution of said ORDC.

_____ 11/18/2010
James G. Bradley, Chair Date

EXHIBIT A

A loan to the Company pursuant to Section 4981.032 of the Ohio Revised Code in the amount up to Two Hundred Fifty Thousand Dollars ($250,000) (the "ORDC Loan") to install a turnout on an existing Wheeling & Lake Erie Railway lead track (currently leased to Bellaire Harbor Services), the construction of a short lead track to the Company, and the construction of twin spur tracks of approximately 1,300 feet in length each at the Company's location in the City of Bellaire in Belmont County ("Rail Service Project"). The terms of the ORDC Loan shall be determined by the Executive Director of ORDC.

The ORDC Loan is subject to the following conditions:

1. The Company must meet all standard ORDC program requirements, including any applicable prevailing wage provisions, in expending the ORDC Grant and ORDC Loan.

2 The Company shall execute and obtain such documents as are deemed necessary by the ORDC to evidence, close and secure the ORDC Loan.

3 Provision of documentation satisfactory to the ORDC that the Company has secured sidetrack agreements with both Bellaire Harbor Services and the Wheeling & Lake Erie Railway.

APPROVED PROJECT BRIEFING: CITY OF GREENFIELD, MIDLAND CITY TO GREENFIELD LINE REHABILITATION

November 8, 2010

Project Costs	
ORDC Grant	**$130,000**
Greenfield Funds	**$95,270**

Project Benefits

Helps Preserve Rail Service to 2 Companies
Helps Preserve 979 Rail-Dependent Jobs
Removes Slow Orders; Improves Efficiency

INTRODUCTION: ORDC staff recommend approval of a grant of $130,000 to the City of Greenfield for the rehabilitation of 3.8 miles of the 29.5 mile long Midland City to Greenfield Line. The work will include tie replacement, raising, surfacing, and related work. The $130,000 in ORDC work will augment work already performed with City (track & signal inspections, normal maintenance) in 2010 that has totaled $95,270.

BACKGROUND:

Brief History of the Line: The Midland City to Greenfield Line was formerly part of the CSX Transportation east coast to St. Louis mainline. In the early 1980's, CSX discontinued using most of the Ohio portion of this line as mainline track, abandoning some portions, and operating others as branchlines. In 1987, CSX filed to abandon the 29.5 miles of branchline operations between Midland City and Greenfield because it was losing money for CSX. At that time, the major shippers were two grain elevators as well as two manufacturing plants, Packaging Resources, and Johnson Controls. Candle-lite had a small facility in Leesburg along the line but was not using rail service at the time. Because the line had heavy, welded rail, the net liquidation value of the 29.5 miles of track was high, $2,400,000.

The shippers and prospective shippers along the line formed the Greenfield Shippers Association (GSA) to preserve the line. The Ohio Department of Transportation, Division of Rail (ODOT Rail) worked with the GSA, the City of Greenfield, and the fledgling Indiana & Ohio Railroad (I&ORY) to save the line from being torn up. ODOT Rail provided $1,341,966 in Federal Railroad Administration funds and $346,034 in State funds to the City of Greenfield to help it to acquire the line. The GSA and I&ORY provided $712,000 toward the purchase. The City has owned and the I&ORY has operated the line under a lease with the City since the City purchased the line in 1988.

Initially, the Greenfield Line connected to the CSX Midland Subdivision Line between Columbus and Cincinnati. In October, 2004, RailAmerica, the parent company of the I&ORY, obtained a long term lease for the Midland Sub from CSX. The Greenfield Line now has direct access via I&ORY and RailAmerica lines to interchange traffic in Cincinnati and various other connecting points on the CSX, Norfolk Southern, and Canadian National. A map of the southwest Ohio area is included as Exhibit "A".

Initially, the grain traffic provided the base for rail operations. However, grain traffic diverted to trucks to local consumers or to the Ohio River to be loaded on barges. The traffic generated by Candle-lite (inbound paraffin) helped replace the grain traffic as Candle-lite grew from a small company with a few dozen employees to a sizable manufacturing concern which now employs about 667 people in Leesburg and 62 people in sales and marketing in Blue Ash. Packaging Resources (in New Vienna) was acquired by Huhtamaki and currently employs about 250 people. It receives inbound plastics via rail. Johnson Controls in Greenfield recently mothballed its Greenfield operations which had been receiving hazmat chemicals by rail used to produce foam products. Johnson Controls still owns the Greenfield plant and would re-open it if market conditions so warrant. The plant had employed 220 people before it was closed.

In 2009, ORDC provided the City with a $210,000 grant matched by $50,000 from the City's railroad fund, (funds raised by a $60 per car charge that both the shippers and I&ORY (i.e. $120 per car) pay into the City

fund). The work performed was the installation of 2,600 ties from MP 45 to MP 49, MP 67.5 to MP 70, and MP 74 to MP 75.5, the repair of turnouts at MP 56.9 and MP 64.2, and surfacing where ties were installed.

Current Situation: Traffic on the Greenfield Line has dropped off in recent years. In 2004, the line generated 867 carloads of traffic and in 2005 traffic volumes rose to 922. However in 2006 traffic dropped to 621 cars. In 2007 traffic totaled 552 cars and in 2008 traffic totaled 542 cars. With the recession in 2008, and the mothballing of Johnson Controls, traffic dropped to 394 cars in 2009. For 2010, the line has generated 336 cars in the first 10 months of the year.

The City is responsible for rail line maintenance using the railroad fund to perform necessary tasks. The downturn in railroad traffic has made this job much tougher. The City is working with the I&ORY to develop ways to cut maintenance costs.

The condition of the Greenfield Line is generally good with track speeds generally at 25 MPH. There are, however, slow orders along the track, as well as the upcoming need for the rehabilitation of several bridges that would facilitate the reinstitution of rail service to Johnson Controls in Greenfield. In addition, the lead track to Candle-lite in Leesburg, the line's major rail user, needs to be upgraded.

PROJECT DESCRIPTION: The proposed project consists of track work considered by I&ORY to be the most needed repairs on the line at present. Current repairs consist of tie renewal, raising, surfacing, and related work at various areas along the line. (MP 50.3 to MP 51, MP 52.3 to MP 55.5, MP 57.5 to MP 58, and the Leesburg Siding) The total work estimate is presented below:

Greenfield to Midland City Rehabilitation Costs

Item	Unit Cost	Total Cost
1,600 ties	$53.00	$84,800
64 Kegs, Spikes	$75.00	$4,800
Surface 20,064 ft. Trk, 1" Raise	$1.25	$25,080
1,000 Tons, Ballast	$8.00	$8,000
2,400 Tons, Ballast Unloading	$1.50	$1,500
Mobilization		$5,000
Total		$129,180

The City will let competitive bids for the track work. The I&ORY will inspect the project work. The City will be responsible for continued maintenance of the track.

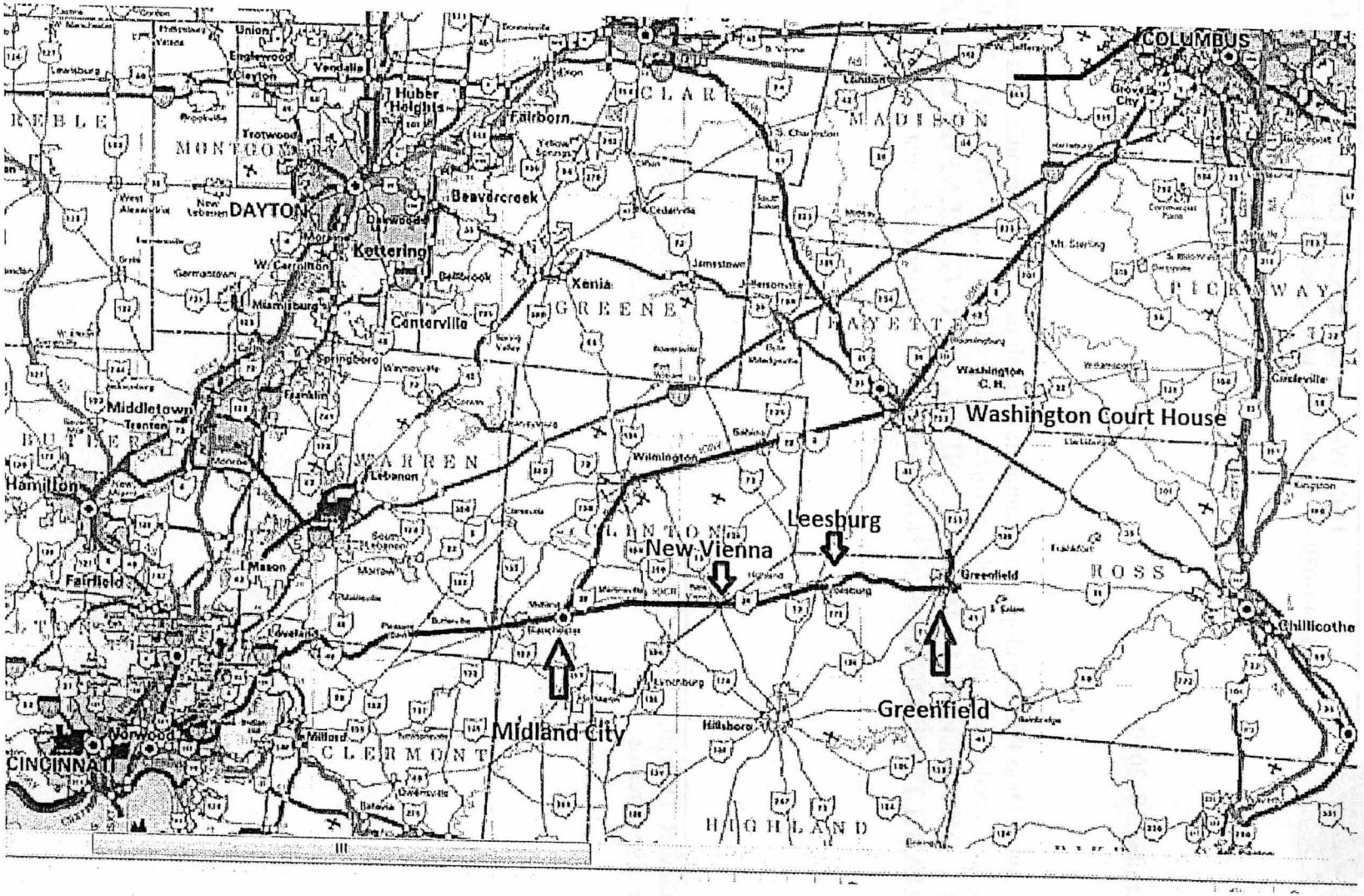
WHY ORDC FUNDING IS NEEDED: The economics of the line preclude private financing for all the capital needs on the line.

PROJECT BENEFITS:

- Helps preserve rail service to two rail dependent companies that employ about 979 people.
- Other businesses in the area depend upon the continued viability of the rail-dependent shippers on the Greenfield Line.
- Eliminating slow orders will improve the efficiency of I&ORY operations on a marginal branchline.
- The rehabilitation project will decrease the City's costs for maintaining the line.

OTHER CONTRIBUTIONS: The City of Greenfield has spent $95,270 in 2010 on other rail work.

I&ORY IN SOUTHWEST OHIO



Ohio Rail Development Commission

1980 West Broad Street • Columbus, Ohio 43223
614-644-0306 (telephone) • 614-728-4520 (fax) www.dot.state.oh.us/ohiorail

November 18, 2010

Pursuant to Ohio Rail Development Commission Resolution 99-15 "Spending and Signatory Guidelines," the undersigned hereby approves of the project described in the Approved Project Briefing entitled **CITY OF GREENFIELD, MIDLAND CITY TO GREENFIELD LINE REHABILITATION** and dated November 8, 2010 as described in that briefing.

Matthew R. Dietrich
Executive Director

James G. Bradley
Chairman

APPROVED PROJECT BRIEFING:
NOVOTEC RAIL SPUR, COLUMBUS

November 9, 2010

Project Funding	
ORDC Grant	**$50,000**
ORDC Loan up to	**$100,000**

Project Benefits

Reinstitutes Rail Service to Existing Plant
Helps Preserve 50 Existing Jobs
50 to 100 New Rail Cars/Year

INTRODUCTION: ORDC staff recommends assistance to Novotec Recycling, LLC in the form of a $50,000 grant and up to $100,000 loan to reinstall a turn out off a Norfolk Southern siding, and to repair an existing 600 ft. rail spur, at the Novotec plant in Columbus. Initial loan terms developed by Staff are: 1) a five year loan; 2) zero percent interest in year 1, and interest equivalent to 2/3 of the prime rate at the time of closing or at the time of approval, whichever is lesser for years two through five; and 3) collateral of a Letter of Credit, a corporate guarantee, or other suitable collateral. The final terms of the loan will be determined by the Executive Director.

BACKGROUND: Novotec and Siam Reclaim Technologies are affiliated companies that share a plant on the east side of Columbus. The Bolon Company owns the plant and is a 50% owner of Novotec with Siam being the other part owner. The affiliates recycle and reclaim materials primarily from computers and televisions. The firms resell Cathode Ray Tubes (CRT) from discarded computers and televisions for reuse where it is feasible, and where it is not, break down the CRTs into glass "cullet" (i.e. small pieces of glass), plastic components, and metals for recycling. The firms also recycle a variety of electronic and computer products, breaking them apart and sorting the various materials for reuse. The Columbus plant had suffered with the slowdown in the economy in 2009, cutting employment to 28 people but is recovering and will soon be back to a full work force of 50 people.

Novotec and its affiliates (Novotec for simplicity) seek to expand their reclaim business by using rail service to expand their cullet market. Most of Novotec's competitors do not have rail and rail is important for reaching key cullet processors in New Brunswick, Wisconsin, and other places. Novotec is now testing outbound rail shipments by transloading cullet to rail cars on a neighboring firm's rail track but the transloading (five trucks per rail car) and the fees for renting space on the neighbor's track render this option suboptimal. The Novotec plant was formerly served by two rail spurs off the NS West Virginia/Kanawha Secondary but the turnouts to the plant were taken out years ago because of lack of use. The spurs remain but are in need of repair. This first phase of expansion will result in 50 to 100 new rail cars of business a year within 3 years of the project completion.

While the expansion of the Novotec cullet business is the immediate project, Novotec also has other potential near term projects that would depend on rail service. One is processing waste plastics. Another is refining its cullet business with additional processing systems. If and when these rail dependent expansions occur, Novotec could create 3 to 33 new jobs.

RAIL PROJECT: The rail project consists of the installation of a new turnout on an NS siding and the repair of approximately 600 ft. of track, 500' of which is outside the Novotec building, and 100 ft. of which is in the building. The aerial photo in Exhibit "A" shows the plant and the spur. NS estimates the cost of this turnout will be $128,000. Novotec has an estimate for track repair to rehabilitate the existing track from the NS turnout into its building of $12,000. NS requires that companies provide full funding for turnouts before it will begin the process of fabricating the turnout and scheduling it for installation. Therefore, Novotec will need bridge financing for approximately three or four months to accommodate the NS process. ORDC will not close its

WHY ORDC FUNDING IS NEEDED: The ORDC grant and loan will ensure that the return on investment for Novotec is sufficient to proceed with the rail project now allowing Novotec to use the rail spur to help grow and stimulate other business expansion. Without ORDC assistance, the turnout installation and spur rehabilitation would not take place.

OTHER CONTRIBUTIONS: Novotec will obtain bridge financing for the rail project and repay the ORDC loan. NS is considering some small rate rebates for certain commodities for select moves.

SPECIAL CONTINGENCIES: ORDC's clawback for job creation and retention will be based on the retention of 50 employees within three years after the completion of the rail project. ORDC's clawback for carload generation will be based on the generation of 50 carloads a year within three years after the completion of the rail project.

w:NovotecApprovedProjectBriefing

NOVOTEC SITE

Ohio Rail Development Commission

1980 West Broad Street • Columbus, Ohio 43223
614-644-0306 (telephone) • 614-728-4520 (fax) www.dot.state.oh.us/ohiorail

November 18, 2010

Pursuant to Ohio Rail Development Commission Resolution 99-15 "Spending and Signatory Guidelines," the undersigned hereby approves of the project described in the Approved Project Briefing entitled **NOVOTEC RAIL SPUR** and dated November 9, 2010 as described in that briefing.

Matthew R. Dietrich
Executive Director

James G. Bradley
Chairman

APPROVED PROJECT BRIEFING:
LANCASTER PORT AUTHORITY TRANSLOAD ON I&ORY

November 9, 2010

Project Funding		Project Benefits
ORDC Grant up to	**$125,000**	**Helps Preserve 150 Jobs at Westerman**
Westerman Companies	**$100,000**	**Supports Westerman Expansion, 80 New Jobs**
		Establishes Transload for Lancaster Area
		Helps Put 100 to 250 Cars on Marginal Branch
		Helps Develop Brownfield Site

INTRODUCTION: ORDC staff recommend approval of a request by the Lancaster Port Authority (LPA) for a grant of up to $125,000 to help LPA rehabilitate a spur track, construct loading/unloading pads, and a driveway to establish a self-service transloading operation along the Indiana & Ohio Railway (I&ORY) Lancaster Industrial Track in Lancaster.

BACKGROUND:

I&O Rail Lines in Lancaster: I&ORY owns and operates the rail line from Groveport, just south of Columbus, though Lancaster to Logan. I&ORY purchased the line outright from CSX in the latter part of the 1980's. From Logan to Nelsonville, where the rail line terminates, the former Chesapeake & Ohio/CSX track is in place and operated by the Hocking Valley Scenic Railroad. I&ORY has trackage rights from Groveport into CSX' Parson's Yard in Columbus where the two railroads interchange. The CSX provides the only direct connection for I&ORY Logan line traffic.

There are two branches off of the Columbus to Logan line in Lancaster. One branch is on the west side of the mainline and serves Anchor Hocking (the Anchor Hocking Lead) and other businesses. The other is on the east side of the mainline and serves two active customers, Ralston Purina and Ohio Oxide. This track is the Lancaster Industrial Track. The map included as Exhibit "A" shows the Logan line and the Lancaster Industrial Track.

The Lancaster Industrial Track is a 3.5 mile long branch. I&ORY serves the line as needed with local crews that are based in Lancaster. Generally, I&ORY crews will serve both the Anchor Hocking Lead and the Lancaster Industrial Track on the same day. I&ORY has line haul crews that run to back and forth from Logan/Lancaster to Columbus three times a week. The Lancaster Industrial Track is marginally profitable.

Earlier this year, I&ORY completed a $228,000 track rehabilitation project on the Lancaster Industrial Track with half of the funds, $114,000, coming from an ORDC grant. The work completed, primarily the installation of 1,800 ties, also included the rehabilitation of select turnouts. ORDC and I&ORY included the turnout serving the LPA former Anchor Hocking #2 plant in anticipation of the transload project described herein.

Westerman Companies: Westerman Companies, established in 1909, is located in Bremen, about 8 miles east of the center of Lancaster. It does not have rail service. Westerman is a steel and metal fabricator that makes a wide variety of industrial and environmental tanks, storage tanks, pressure vessels, transportation cylinders, and other fabricated metal products. Many of the products it fabricates are oversized or overweight loads that require special trucking permits. Westerman generates large quantities of inbound truckloads of steel and metal plates used to fabricate its products. Inbound plating can be oversized requiring special hauling. In addition, Westerman is the world's largest producer of enriched uranium hexafluoride storage and transportation cylinders. Westerman currently employs 150 people in Bremen and is in the process of expanding its nuclear container operations which will add 80 new jobs to the Bremen area.

Westerman needs rail service to continue growing. Currently it gets about 1,000 truckloads of steel into its plant a year primarily from rail served origins. The new nuclear business will increase inbound steel shipments, some of which are well suited to rail movement. Westerman is also exploring outbound rail moves of finished products to the western USA. Westerman turned to the Lancaster Port Authority and the I&ORY to investigate transloading on the I&ORY. Westerman has committed $100,000 to the LPA to help LPA establish a transloading facility that Westerman can use. In addition, Westerman will commit to generating at least 100 rail cars a year within 3 years of the establishment of the transload. Westerman expects to generate as many as 200 to 250 carloads a year, depending on business and the economy.

Lancaster Port Authority Anchor Hocking Site: The City of Lancaster owns an 18 acre industrial site along the I&ORY Lancaster Industrial Track. Anchor Hocking abandoned the site (Anchor Hocking Plant # 2) in the 1980's, divesting it to the City of Lancaster. A picture of the site as it stood until last year is included as Exhibit "B" herein. The City of Lancaster and LPA used local funds as well as state Voluntary Action Program (VAP) grants, a total of $3 million, to demolish old buildings and remediate the site to a condition wherein the Ohio EPA has issued a covenant not to sue. A spur into the site remains intact with 112 lb. rail and a few serviceable ties. The site is totally fenced. One of the former Anchor Hocking buildings remains adjacent to the LPA site on the north boundary.

Other Potential Transload Users: LPA has been looking at the 18 acre site as a potential transloading site for several years because of its proximity to Lancaster businesses that have expressed some interest in getting rail service but have no spur tracks. A few years ago, a company literally right next door expressed interest in transloading cardboard on the track in question. A company down the road which recycles hazardous products had contacted ORDC about a rail spur along the Lancaster Industrial Track but that option proved too costly. It has expressed interest in transloading. In addition, there has been a chemical company interested in the 18 acre site itself for a new business opportunity that needs rail. Further, the City of Lancaster road maintenance facility located right next to the transload site might utilize the transload for salt/grit.

RAIL PROJECT: LPA and I&ORY have agreed in principle to a side track agreement for I&ORY service to the LPA owned transload sidetrack. The formal agreement will be based on the existing agreement the two entities entered into for the US Corrugated project. (ORDC provided LPA a $90,000 grant and $170,000 loan to build a rail spur for a new US Corrugated plant on the west side of Lancaster in 2008. LPA owns the lead track and I&ORY serves it.) The costs to establish the new transload as estimated by a City of Lancaster engineer and a local contractor are included herein in Exhibit "C". Costs include rehabilitation of the existing rail spur, the construction of a driveway, and the construction of loading/unloading areas next to the track.

The LPA facility will be a self-serve facility. Westerman has the equipment (wheeled cranes, fork lifts, trucks, etc.) needed to load and unload cars at the transload site. Other companies using the facility will need to provide their own loading/unloading equipment.

LPA will be responsible for paying the City of Lancaster for about 1.5 acres of the 18 acre site, i.e. the land utilized in the transload operations, about $25,000. In addition, LPA will be responsible for maintaining all components of the transload as well as snow removal. LPA will charge a per car use fee to cover maintenance and expansion of the facility.

WHY IS ORDC FUNDING NEEDED: Without ORDC funding, the transload would not be built.

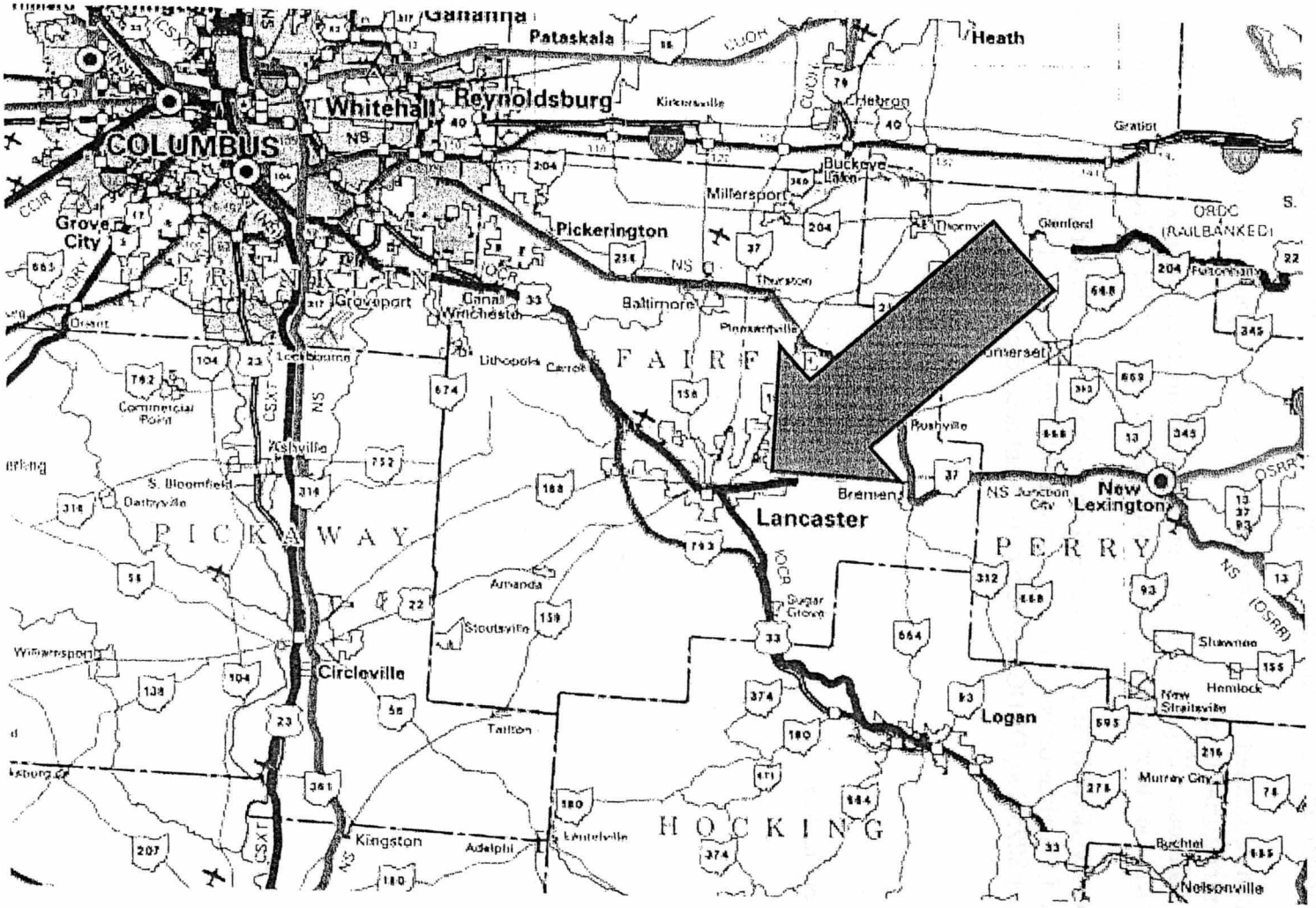
OTHER CONTRIBUTIONS: Westerman Companies is providing $100,000.

PROJECT BENEFITS:

- The transportation cost savings Westerman will realize will help to keep the company's Bremen operations strong, supporting the retention of 150 existing Westerman jobs, and will help Westerman's expanding Bremen operations create an additional 80 new jobs.
- The new transload has the potential to help Lancaster area businesses keep their transportation costs down.
- The carloads generated by the transload will improve the economics of the marginally profitable Lancaster Industrial Track.
- The new transload will put a formerly unusable brownfield site to good use as a transportation hub and will augment the attractiveness of the City owned 18 acre site for rail related economic development.

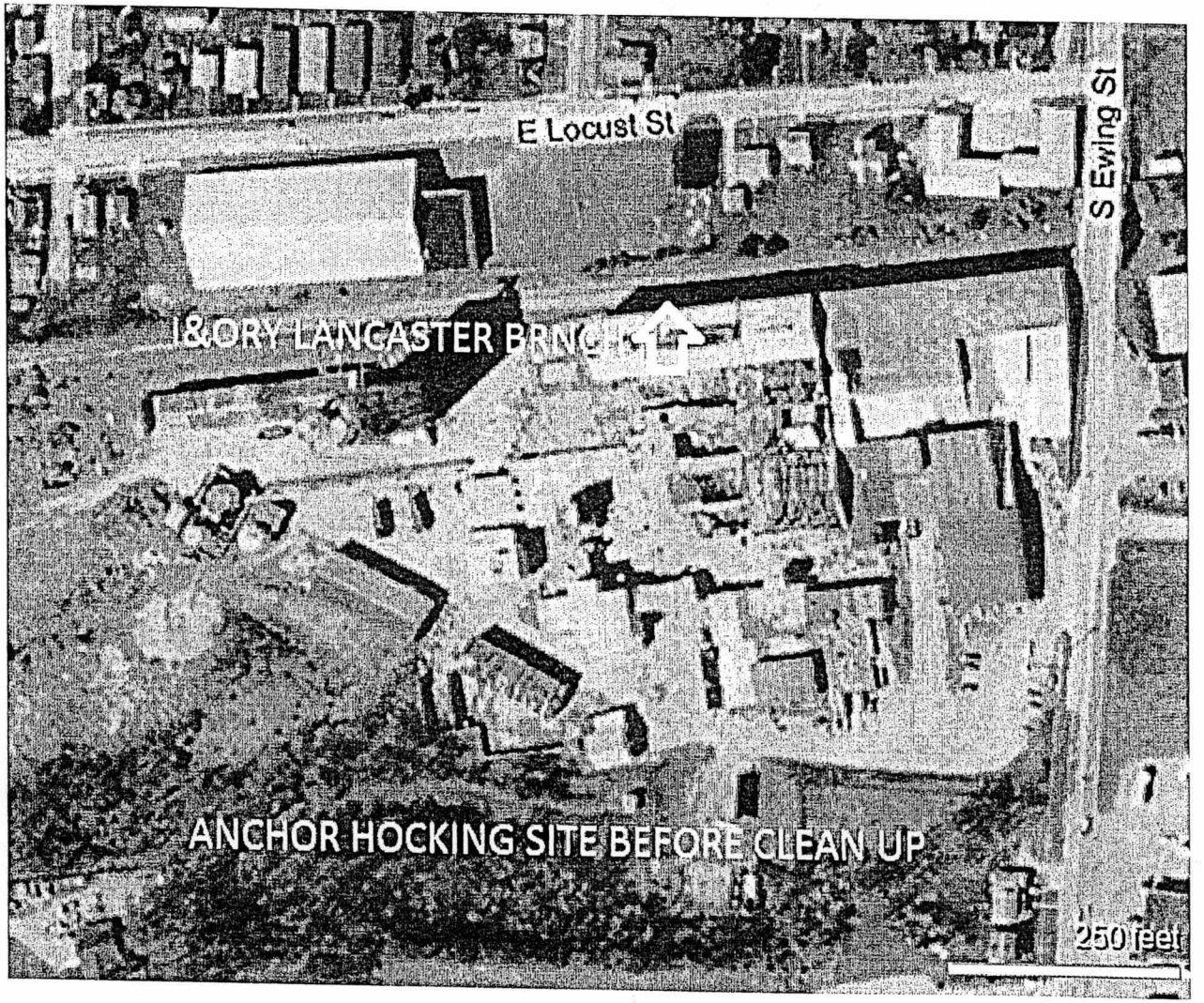
SPECIAL CONTINGENCIES: The Lancaster Port Authority will bid out the work on the transload facility as soon as possible. LPA plans on being able to award a bid in January, 2011. In the event the costs of the transload are under $225,000, ORDC will reduce its grant accordingly.

W:LancasterPortAuthorityTransload



3.5 Mile I&ORY Lancaster Branchline

ANCHOR HOCKING SITE BEFORE CLEAN-UP



DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	TOTAL
RAILROAD SIDING REHABILITATION	LUMP	1	$ 35,000.00	$ 35,000.00
304 Stone	CY	625	$ 39.00	$ 24,375.00
#2 Stone	CY	1065	$ 39.75	$ 42,333.75
TAR and Chip ODOT 422	SY	7160	$ 2.00	$ 14,320.00
#6 /7	CY	180	$ 39.00	$ 7,020.00
Man Holes	EA	2	$ 3,000.00	$ 6,000.00
CATCH BASIN	EA	2	$ 3,000.00	$ 6,000.00
EXCAVATION	CY	3000	$ 5.00	$ 15,000.00
EMBANKMENT	CY	3000	$ 10.00	$ 30,000.00
SUBGRADE COMPACTION	SY	6000	$ 1.10	$ 6,600.00
MOBILIZATION	LUMP	1	$ 8,000.00	$ 8,000.00
CONSTRUCTION GRADE STAKING	LUMP	1	$ 2,200.00	$ 2,200.00
BONDING	LUMP	1	$ 4,700.00	$ 4,700.00
TYPE C CHANNEL PROTECTION RIP RAP	CY	10	$ 90.00	$ 900.00
24" Type IV RCP Conduit	FT	32	$ 120.00	$ 3,840.00
HEADWALLS CRADLE TYPE	EA	2	$ 1,500.00	$ 3,000.00
EROSION CONTROL	FT	700	$ 2.00	$ 1,400.00
DITCH CHECKS	EA	5	$ 280.00	$ 1,400.00
COMPACTION TESTING	LUMP	1	$ 10,000.00	$ 10,000.00
SEEDING AND MULCHING	SY	1700	$ 1.25	$ 2,125.00
			TOTAL	$ 224,213.75

Scope of Work For Rail Siding:

- **Crosstie installation:**
  - Furnish and install (150) 6"x8"x8.5' grade 3 crossties throughout 800 track feet
    - All new ties will be spiked with new track spikes
    - All ties will be spiked to 56 ½" gauge
    - All ties will be tamped with a hydraulic tamper
    - All removed ties will be hauled off site at the contractors expense to an approved dump site by the City of Lancaster
    - All damaged or missing tie plates will be replaced by the contractor at the expense of the contractor (single shoulder plating)
- **Surfacing / Tamping / Dressing:**
  - First 325 track feet: Starting from the last long timber of the switch:
    - Raise and tamp the area an average of 6" to obtain drainage and surface throughout the incoming lead
    - Dress / Regulate the ballast
    - #4 limestone necessary to complete the raise, tamp, and dress will be provided at the expense of the contractor
  - Remaining 475 track feet:
    - Raise and tamp the area an average of 2" to obtain drainage and surface throughout the incoming lead
    - Dress / Regulate the ballast
    - #4 limestone necessary to complete the raise, tamp, and dress will be provided at the expense of the contractor
- **Weed Clearing:**
  - Clear all weeds and debris within 10' of the centerline of the track for the entire 800 track feet
  - Apply herbicide and pre-emergent treatment to the area weeds are cleared
- **Asphalt Removal:**
  - Remove and discard 232 x 10' x 6" section of asphalt crossing throughout the track
- **Bolt Work:**
  - All bolts will be tightened
  - All missing, damaged, or double lock washers will be replaced
  - All bolt that will not tighten will be replaced with the appropriate sized track bolt
- **Earth Mound Stop:**
  - Furnish and install a (40) ton #4 limestone stop to terminate the track 800 track feet from the last long timber

Ohio Rail Development Commission

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November 18, 2010

Pursuant to Ohio Rail Development Commission Resolution 99-15 "Spending and Signatory Guidelines," the undersigned hereby approves of the project described in the Approved Project Briefing entitled **LANCASTER PORT AUTHORITY TRANSLOAD ON I&ORY** and dated November 9, 2010 as described in that briefing.

Matthew R. Dietrich
Executive Director

James G. Bradley
Chairman

Ohio Rail Development Commission

Mission - Vision
Goals – Objectives - Strategies

for review and approval
November 18, 2010

Draft - ORDC Vision Statement: ORDC's vision is for Ohio to have the best rail system in the world. ORDC will implement programs and policies that foster a globally integrated, safe, reliable rail system that creates and retains jobs and maximizes the public benefit to Ohio's communities and industries.

ORDC Mission Statement: is to plan, promote and implement the improved movement of goods and people faster and safer on a rail transportation network connecting Ohio to the nation and world. The mission is to be accomplished through a coordinated freight and passenger rail system which is an integral part of a seamless intermodal transportation network contributing to Ohio's quality of life and economic development. (approved 1994)

Draft - Goal-Economic Development: Support a fully integrated, well-managed transportation system that drives business growth, prosperity, job creation and retention

Draft - Objectives:

- Preserve and enhance existing rail lines and corridors
- Provide rail access to retain existing and attract new businesses
- Provide Ohio's communities and industries with transportation options, connectivity and opportunities

Draft - Strategies:

- Develop policies that balance the transportation needs and requirements of existing industries and communities with new economic opportunities
- Work with Ohio railroads and other state and local agencies to leverage public and private resources to provide efficient rail access
- Provide incentives that improve access to rail service for Ohio communities and industries
- Work with railroads to continue to identify intermodal freight opportunities in Ohio

Draft - Goal-Safety: Work with the railroads, the Public Utilities Commission of Ohio and the Ohio Department of Transportation to maintain a safe rail system

Draft - Objectives:

- Increase number of locations with warning devices
- Increase number of at-grade crossings closed
- Reduce derailments

Draft – Strategies:

- Leverage private and public funding
- Support infrastructure improvements related to safety
- Implement the railroad crossing and traffic signal preemption program
- Continue to exceed the Federal 130 Program requirements

Draft - Goal-Environmental Benefits: Support sustainable rail programs and projects that enhance Ohio's environment

Draft Objective:

- Improve environmental quality, especially in terms of air quality

Draft - Strategies:

- Support rail-related emission reduction programs
- Incorporate cost-effective green principles in future rail projects
- Promote modal diversion to rail to reduce roadway congestion

Draft - Goal-Efficient Railways: In partnership with the private railroads, create a fast, frequent and reliable rail network that connect Ohio to the national transportation system

Draft - Objectives:

- Improve on-time performance
- Preserve, maintain, expand and modernize Ohio's rail system, including main lines and branch lines
- Preserve existing tracks and rail rights-of-way for future use
- Improve access to global and domestic markets through seamless intermodal connectivity
- Provide improved transportation choices for Ohio communities and industries

Draft – Strategies:

- Sponsor programs and projects that improve time reliability, capacity, access and seamless connections between rail and other transportation modes

Draft – Goal-Funding: Secure funding for rail projects supporting a transportation network that provides a public benefit to Ohioans

Draft - Objectives:

- Identify public benefit of all rail projects
- Identify financial resources for rail projects and programs

Draft - Strategies:

- Develop and continue to refine a rail project evaluation and selection process that determines both whether public funding is warranted and the appropriate level of funding
- When clear public benefit can be demonstrated, develop funding strategies to finance rail projects through multi-agency authorities, public private partnerships and allowing public sector investments in private modal operations

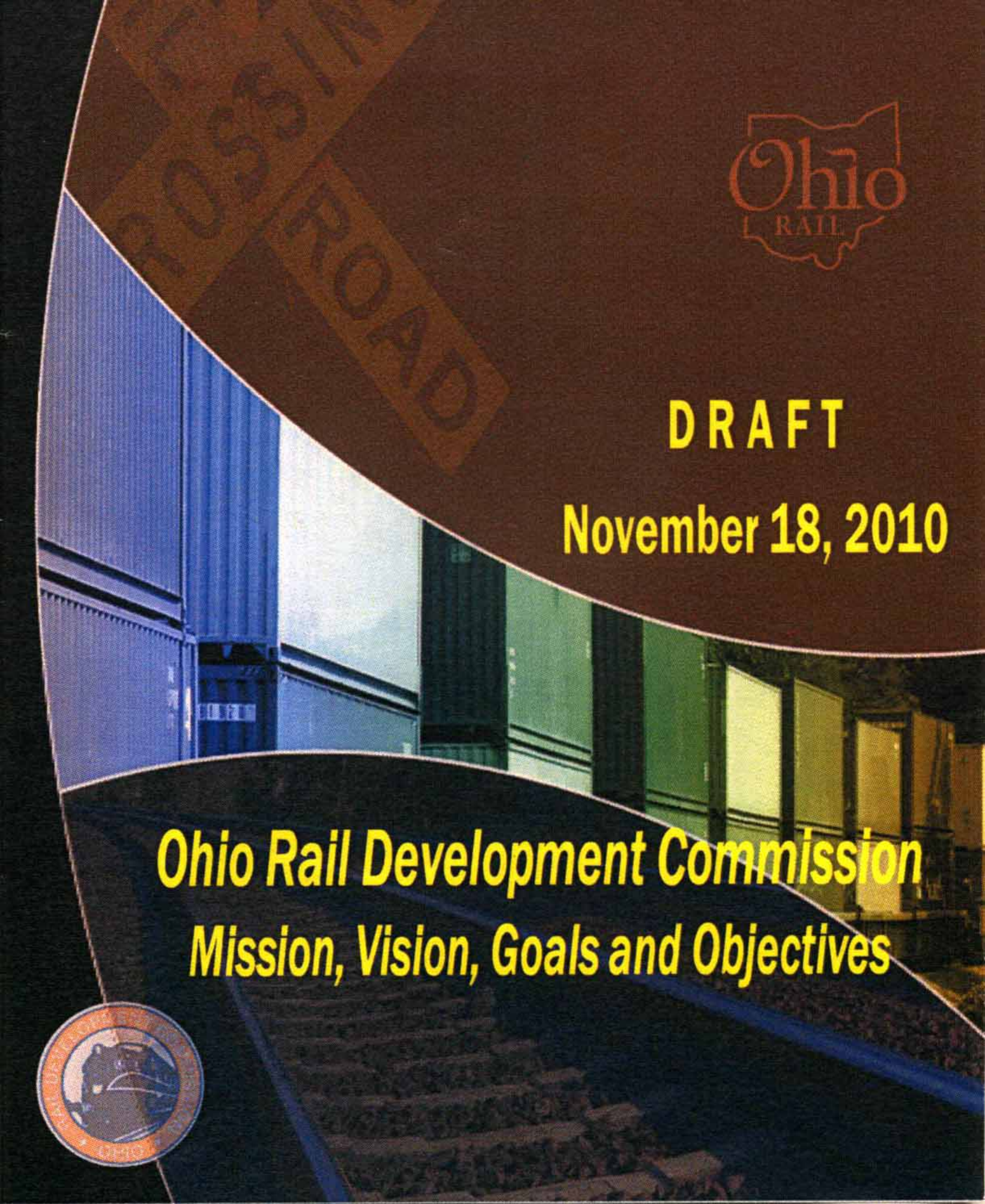
Draft - Goal-Balanced Transportation Policy: Increase support for rail

Draft - Objectives:

- Educate and inform Ohio citizens and decision-makers about the public benefits of rail

Draft Strategies:

- Provide a rail development perspective on policy issues to advance a balanced transportation policy


Ohio
RAIL
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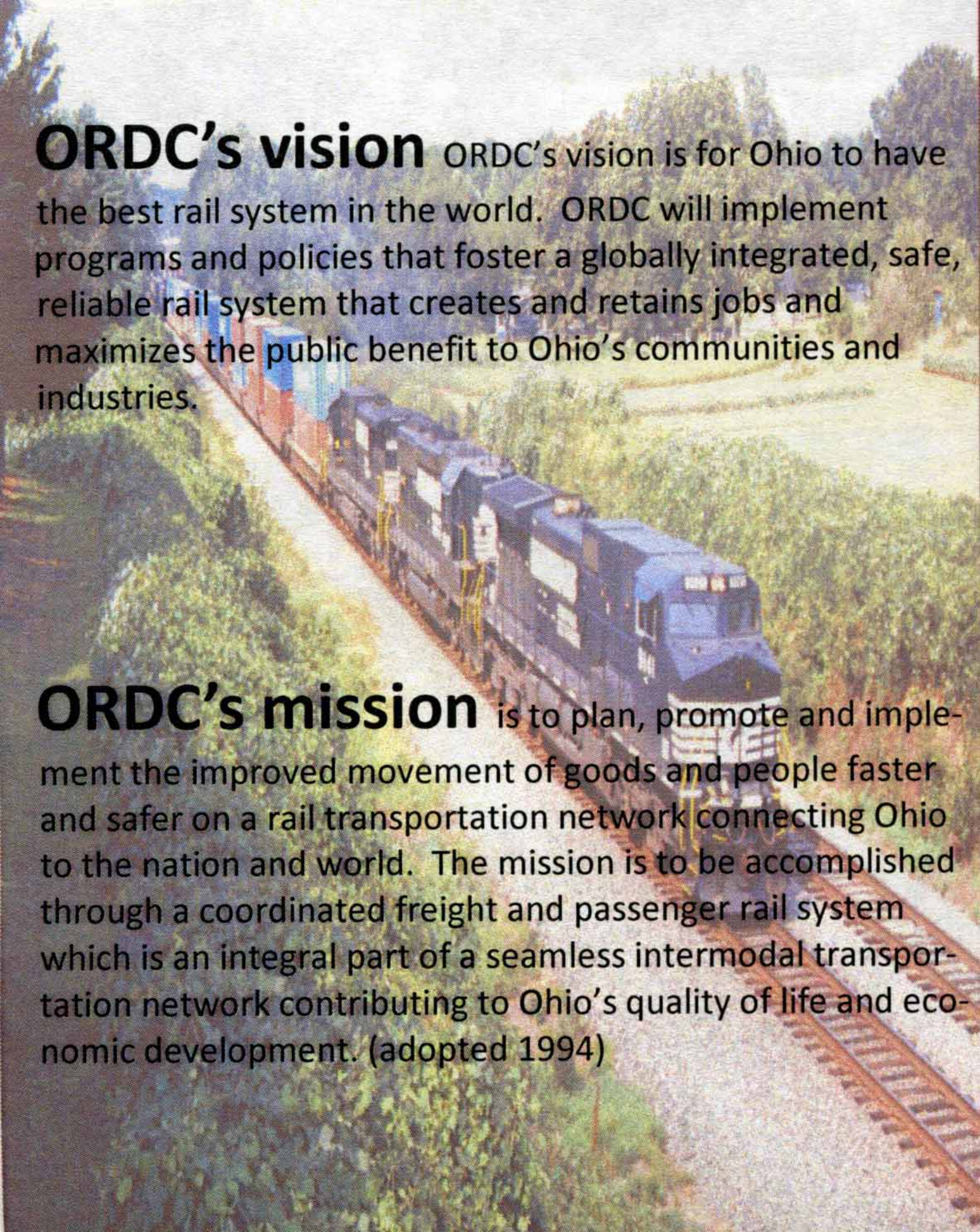
November 18, 2010
Ohio Rail Development Commission
Mission, Vision, Goals and Objectives



ORDC's vision ORDC's vision is for Ohio to have the best rail system in the world. ORDC will implement programs and policies that foster a globally integrated, safe, reliable rail system that creates and retains jobs and maximizes the public benefit to Ohio's communities and industries.

ORDC's mission is to plan, promote and implement the improved movement of goods and people faster and safer on a rail transportation network connecting Ohio to the nation and world. The mission is to be accomplished through a coordinated freight and passenger rail system which is an integral part of a seamless intermodal transportation network contributing to Ohio's quality of life and economic development. (adopted 1994)

Goal: Economic Development - Support a fully integrated, well-managed transportation system that drives business growth, prosperity, job creation and retention

Objectives:

- Preserve and enhance existing rail lines and corridors
- Provide rail access to retain existing and attract new businesses
- Provide Ohio's communities and industries with transportation options, connectivity and opportunities

Goal: Funding - Secure funding for rail projects supporting a transportation network that provides a public benefit to Ohioans

Objectives:

- Identify public benefit of all rail projects
- Identify financial resources for rail projects and programs

Goal: Safety - Work with the railroads, the Public Utilities Commission of Ohio and the Ohio Department of Transportation to maintain a safe rail system

Objectives:

- Increase number of locations with warning devices
- Increase number of at-grade crossings closed
- Reduce derailments

Goal: **Environmental Benefits** - Support sustainable rail programs and projects that enhance Ohio's environment

Objective:

- Improve environmental quality, especially in terms of air quality

ORDC

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Columbus, OH 43223

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Goal: Balanced Transportation Policy -

Increase support for rail

Objectives:

- Educate and inform Ohio citizens and decision-makers about the public benefits of rail

Goal: Efficient Railways - In partnership with the private railroads, create a fast, frequent and reliable rail network that connects Ohio to the national transportation system

Objectives:

- Improve on-time performance
- Preserve, maintain, expand and modernize Ohio's rail system, including main lines and branch lines
- Preserve existing tracks and rail rights-of-way for future use
- Improve access to global and domestic markets through seamless intermodal connectivity
- Provide improved transportation choices for Ohio communities and industries

OHIO RAIL DEVELOPMENT COMMISSION
2011 Meeting Schedule (updated 11/4/10)

DRAFT

January 20 @ 11:00 am
Ohio Department of Transportation Headquarters, 1980 West Broad Street, Lower Level, Columbus

March 10 @ 11:00 am
Ohio Department of Transportation Headquarters, 1980 West Broad Street, Lower Level, Columbus

April 14 (SPRING RETREAT)

May 12 @ 11:00 am
Ohio Department of Transportation Headquarters, 1980 West Broad Street, Lower Level, Columbus

July 21 @ 11:00 am
Ohio Department of Transportation Headquarters, 1980 West Broad Street, Lower Level, Columbus

September 15 @ 11:00 am
Ohio Department of Transportation Headquarters, 1980 West Broad Street, Lower Level, Columbus

October 6 (FALL RETREAT)

November 10 @ 11:00 am
Ohio Department of Transportation Headquarters, 1980 West Broad Street, Lower Level, Columbus

Standing Committees will meet at 10:00 a.m. prior to each bi-monthly Commission meeting. This schedule is subject to change. Please visit the ORDC website at www.dot.state.oh.us/ohiorail prior to the scheduled meeting or call the Commission office (614-728-9497) to confirm dates, times, and locations.